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PATENTS, TRADEMARKS AND COPYRIGHTS

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Introduction to Copyright Law

Suffolk County Bar Association
November 17, 2015

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History & Purpose of Copyright

- U.S. Constitution: Article 1, Section 8:
  - "The Congress shall have Power To… promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries

What is Copyright?

- Protection provided to authors of “original works of authorship”
- Requirements for copyright:
  - Fixation
  - Originality
  - Minimal creativity
- Protection is available from the moment the work is created until expiration -
  - 70 years after death of author
  - Corporate Authorship – 95 years from publication or 120 years from creation, whichever is first

Exclusive Rights of Copyright Owners

Under 17 U.S.C. § 106, the copyright owner has the exclusive right to do and authorize others to do the following:

1. to reproduce the work;
2. to prepare derivative works based upon the work;
3. to distribute copies of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
4. to perform the work publicly;
5. to display the work publicly; and
6. to perform the copyrighted work publicly by means of a digital audio transmission.

Requirements

- Three Requirements for a Copyright:
  - Fixation
  - Originality
  - Minimal creativity
- Not Required
  - Notice
  - Registration

Benefits of Providing Notice

- Notice of copyright
  - Example : © Sara M. Dorchak, 2015
  - Not required for works published after March 1, 1989
- Advantages:
  - Informs public that work is protected by copyright
  - Prevents a party from claiming “innocent infringement”
  - Identifies the copyright owner and year of first publication

Benefits of Copyright Registration

1. Public notice of your ownership
2. Ability to bring an infringement suit
3. Validity and Legal evidence of ownership
4. Maximization of damages
5. Customs

Limitations on Exclusive Rights

- Work falls into the public domain
- §108 – Reproduction by libraries and archives
- §109 – First sale doctrine
- §117 – Creation of archival or backup copy of a computer program
- §121 – Specialized formats for blind or other persons with disabilities
- §107 – Fair use

Public Domain

- Works whose intellectual property rights have expired, been forfeited, or are otherwise inapplicable
  - Can use these works without permission from the original author
- Example - Hamlet by William Shakespeare
- Public Domain Calculators
  - http://librarycopyright.net/resources/digitalslider/
- Happy Birthday to You

17 USC §107 – Fair Use

…the fair use of a copyrighted work… for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.

In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

Purpose and Character of Use

- Courts favor uses found in statute (*i.e.* criticism) or uses that are "transformative"
  - Oh Pretty Woman vs. Pretty Woman
- Non-profit educational uses are generally favored over commercial uses
- Questions to ask
  - Has the material been used to create something new or merely copied verbatim into another work?
  - Was value added to the original by creating new information, new aesthetics, new insight, and understandings?

Nature of Copyrighted Work

- Deferential treatment granted to works of fiction or that involve more creative expression rather than works that are factual in nature
- Stronger case of fair use if copied material from a published work
  - Theory that an author has the right to control the first public appearance of his or her expression

Amount and Substantiality of Use

- Generally less is more – copy only what is necessary for the intended purpose
- Looks at both quantity and percentage – even if you take only a small portion, will not be deemed fair use of the portion taken is the "heart" of the work
- Sampling – Blurred Lines

Effect on the Potential Market

- Measures the effect that the unauthorized use has had on the copyright owner's ability to exploit his or her own work
  - Direct market substitute
  - Ability to diminish or destroy the market value or potential market value of original work

Other Factors to Consider

- Stock Images
- Work For Hire vs. Independent Contractors
- Digital Millennial Copyright Act
- End-User License Agreements (EULAs)

Stock Images

- Companies that provide "stock images" license those images for particular uses
  - Royalty Free – pay a one time fee to use a particular image an unlimited number of times.
  - Rights-Managed – rights usually has a number of limitations (i.e. duration, geographic region, etc.).
- "Royalty Free" ≠ Free
- Creative Commons Licenses
  - http://search.creativecommons.org/

Author vs. Copyright Claimant

- "Author" is the creator of the work
- Copyright Claimant is the owner of the work.
  - Typically, this is the author unless there is an agreement that states to the contrary (i.e. assignment, work-for-hire agreement, etc.).
- Assignment
  - Does not change the author of the work, but transfers ownership of the work to a new Claimant

Work for Hire vs. Independent Contractors

- Work For Hire
  - Work created by an employee as part of his or her job, or where all parties agree in writing that a work produced is a work for hire
  - The employer is considered the author of the work, and therefore the copyright claimant.
- Independent Contractors
  - Considered the authors and owners of the works they created

Two Troublesome Scenarios

- Mr. X hires a college student, Ms. CS, to develop the software code for a new mobile app
- Scenario 1 – Provides Ms. CS with all of the artwork, direction, text, everything except the code itself
  - Result - **Both Mr. X and Ms. CS** are considered "authors" and have full control of the work
- Scenario 2 – Mr. X generally describes what he's looking for but otherwise allows Ms. CS to create and develop the app with minimal direction
  - Result – **Ms. CS** is the "author" and has full control

Digital Millennium Copyright Act

- Implements two treaties of the World Intellectual Property Organization (WIPO)
- Helps copyright owners protect their digital content
  - Criminalizes production and dissemination of technology intended to circumvent measures to control access
  - Criminalizes the act of circumventing an access control even where there is no infringement

Five Titles of the DMCA

1. Implement the WIPO Internet Treaties
2. Establish safe harbors for online service providers
3. Permit temporary copies of programs during the performance of computer maintenance
4. Add amendments to the Copyright Act
   a) specifically concerning Internet broadcasting
5. Provide protection for boat hull designers

Notice and Takedown Procedures

- Copyright owners must adhere to a prescribed procedure to constitute effective notice:
  - Notification is in writing, signed physically or electronically by a person authorized to act on behalf of the copyright owner
  - Notification identifies the material claimed to be infringed and provides sufficient information allowing the service provider to locate the infringing material.
  - Includes a statement, under penalty of perjury, that the party has a "good faith belief" that the use of the material is not authorized by the copyright owner, and that the information in the notification is accurate.

End-User License Agreements (EULAs)

- Contract between the licensor and purchaser and establishes the purchaser's right to use the software.
- Companies use EULAs to limit liability in the event that the software causes damage to the user's computer or data, or through improper use of the software.
- Today, many publishers make it impossible for a user to install the software without agreeing to the EULA or violating the DMCA.

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972 F.2d 1429 (1992)

ACUFF-ROSE MUSIC, INC., Plaintiff-Appellant,
v.
Luther R. CAMPBELL, a/k/a Luke Skyywalker; Christopher Wongwon, a/k/a Fresh Kid Ice; Mark Ross, a/k/a Brother Marquis; David Hobbs, a/k/a Mr. Mixx; professionally known as 2 Live Crew; Luke Skyywalker Records, Defendants-Appellees.

No. 91-6225.

United States Court of Appeals, Sixth Circuit.

Argued May 15, 1992.
Decided August 17, 1992.
Rehearing and Rehearing Denied October 26, 1992.

1431 *1430 *1431 E. Andrew Norwood (briefed), Francis J. Del Casino (briefed), R. Eddie Wayland (argued and briefed), Nora T. Cannon (briefed), King & Ballow, Nashville, Tenn., for plaintiff-appellant.

Alan Mark Turk (argued and briefed), Sanford R. Ross, Nashville, Tenn., for defendants-appellees.

Before: NELSON and NORRIS, Circuit Judges; and JOINER, Senior District Judge.[*]

Rehearing and Rehearing En Banc Denied October 26, 1992.

JOINER, Senior District Judge.

In this copyright case, plaintiff appeals summary judgment granted to defendants. The district court held that defendants' use of a song owned by plaintiff was a parody and therefore constituted a fair use of copyrighted material under section 107 of the Copyright Act, 17 U.S.C. § 101 *et seq.*

The 2 Live Crew, a rap music group, released for commercial distribution a version of Acuff-Rose Music's copyrighted song, "Oh, Pretty Woman." Acuff-Rose sued The 2 Live Crew, its individual members and its record company for copyright infringement and alleged pendent state law claims of interference with business relations and interference with prospective business advantage. Defendants filed a motion for dismissal, which was treated as a motion for summary judgment. The district
1432 court granted summary judgment, *1432 holding that The 2 Live Crew had created a parody and that the parody was a non-infringing "fair use" of the song as defined by section 107 of the 1976 Copyright Act. 17 U.S.C. § 107. We reverse.

I.

"Oh, Pretty Woman" was written and recorded by Roy Orbison and William Dees in 1964. Rights to the song were assigned to Acuff-Rose that same year, and Acuff-Rose registered for copyright protection. The song has become a pop music standard, and Acuff-Rose has realized substantial income from the licensing of "cover" recordings and other derivative works.

Luther Campbell, lead vocalist and song writer of The 2 Live Crew (2 Live Crew), wrote a version of "Oh, Pretty Woman" in May 1989, which he entitled "Pretty Woman." By affidavit, Campbell stated that he had intended to create a parody as an attempt "through comical lyrics, to satirize the original work...." In June 1989, Campbell's company, Luke Records (then doing business as Skyywalker Records), released "Pretty Woman" as one of ten tracks on a collection entitled "As Clean As They Wanna Be." The credits on the album[1] recognize Orbison and Dees as the writers of "Pretty Woman," and Acuff-Rose as publisher of the song.

On July 5, 1989, following release of the album, Linda Fine, general manager of Luke Records, wrote a letter to Gerald Tiefer of Opryland Music Group (of which Acuff-Rose is a part) to "inform [Tiefer] of `Two Live Crew's' desire to do a parody" of "Oh, Pretty Woman."[2] Fine stressed that a parody was intended and that the popularity of 2 Live Crew ensured substantial sales:

> At the time of this writing the Group has a cut on the Billboard Rap Chart. I have enclosed a copy of the lyrics, so that you may see their satirical parody, very similar in vain [sic] to what Weird Al Yankovic and other satirical artists are doing.
>
> We intend that all credits (writer & publisher) show your complete ownership of the song, and of course we intend to pay statutory rates.
>
> Kindly keep in mind that we present this to you in a humorous sense and in no way should this be construed as anything but a novelty record that will be heard by hundreds of thousands of new listeners in their homes.

Fine included a cassette tape of 2 Live Crew's version of the song and a lyric sheet for Tiefer to consider.

Tiefer responded tersely: "I am aware of the success enjoyed by `The 2 Live Crews', but I must inform you that we cannot permit the use of a parody of `Oh, Pretty Woman.'" This refusal to grant a license did not dissuade 2 Live Crew from continuing to sell "As Clean As They Wanna Be."

Acuff-Rose brought suit in June 1990 and defendants responded by filing a motion to dismiss, accompanied by affidavits, and sought to deposit $13,867.56. This amount was apparently calculated after reference to statutory royalty rates established by the Copyright Act, and reflected defendants' understanding of what was owed to Acuff-Rose for use of the copyrighted song.
1433 The district court ordered the funds deposited with the Clerk of Court.[3] Acuff-Rose responded with affidavits, *1433 which the district court relied upon when granting summary judgment.

Among the affidavits presented, defendants presented that of Oscar Brand.[4] Brand, who has himself recorded a number of songs which he terms "parodies," stated his opinion that "both the words and the music of the 2 Live Crew performance are classic parodies." Brand dissected the two songs and found substantial similarities of musical structure between them. The 2 Live Crew version has the same 4/4 drum beat as the original and includes a "very recognizable `bass riff,'" which "is repeated *eight times.* ..." However, the 2 Live Crew version diverges from the original by following the recognizable riff with "an atypical scraper — a Latin musical device, quite antithetic to the Orbison musical styling." Further, in the 2 Live Crew version, the lead vocalist sings (or raps) "in the key of B major, which, performed against the A major chorus, gives the song a comic aspect."

Lyrically, Brand found "Pretty Woman" to be consistent with a long tradition in the United States of making social commentary through music. African-American rap music, Brand stated, uses parody as a form of protest, and often substitutes new words to "make fun of the `white-bread' originals and the establishment...." In "Pretty Woman," Brand concluded, "this anti-establishment singing group is trying to show how bland and banal the Orbison song seems to them. It's just one of many examples of their derisive approach to `white-centered' popular music."

Acuff-Rose presented the affidavit of Ph.D. musicologist Earl V. Speilman. Speilman also examined and compared the two songs and determined that there is "a significant amount of similarity" between them. Speilman identified five specific similarities, including the repetition of the recognizable riff, which "may have actually been sampled or lifted and then incorporated into the recording of `Pretty Woman' as performed by The 2 Live Crew." Speilman concluded that even a listener without musical training would readily discern that "Pretty Woman" was modelled after "Oh, Pretty Woman."

The district court determined that there were no genuine issues of fact material to the question of fair use in dispute, and that the case was therefore suitable for summary judgment. *Acuff-Rose Music, Inc. v. Campbell,* 754 F.Supp. 1150, 1153 (M.D.Tenn.1991). The court then analyzed the factors by which an alleged infringing use is tested for fairness under section 107 of the Act. *Id.* at 1154-59.[5]

Following the district court's determination that "Pretty Woman" was a parody, Acuff-Rose filed motions to distribute the funds deposited by 2 Live Crew with the Clerk of Court, and sought reconsideration of the fair use determination by introducing additional evidence on the question of the impact of the parody upon the market value of the copyrighted original.[6] Based upon its determination of fair use, the district court granted summary judgment and ordered the funds returned to 2 Live Crew.

II.

1434 We review the district court's grant of summary judgment *de novo. EEOC v.* *1434 *University of Detroit,* 904 F.2d 331, 334 (6th Cir.1990). Summary judgment is appropriate if the non-moving party fails to establish a genuine issue of material fact on an

element essential to its case and on which it would bear the burden of proof at trial. *Celotex Corp. v. Catrett,* 477 U.S. 317, 322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). In making that determination, we view the evidence in the record in the light most favorable to the non-moving party. *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 255, 106 S.Ct. 2505, 2513, 91 L.Ed.2d 202 (1986).

These general principles apply to the question of fair use, *Maxtone-Graham v. Burtchaell,* 803 F.2d 1253, 1257-58 (2d Cir.1986), *cert. denied,* 481 U.S. 1059, 107 S.Ct. 2201, 95 L.Ed.2d 856 (1987), which is a mixed question of law and fact. *Mathews Conveyor Co. v. Palmer Bee Co.,* 135 F.2d 73, 85 (6th Cir.1943); *Harper & Row Publishers v. Nation Enter.,* 471 U.S. 539, 560, 105 S.Ct. 2218, 2230, 85 L.Ed.2d 588 (1985). In reviewing the district court's determination of fair use, when that court has found facts sufficient to evaluate each of the factors enumerated in section 107 of the Copyright Act, we "`need not remand for further factfinding ... [but] may conclude as a matter of law that [the challenged use] do[es] not qualify as a fair use of the copyrighted work.'" *Harper & Row,* 471 U.S. at 560, 105 S.Ct. at 2230 (quoting *Pacific & S. Co. v. Duncan,* 744 F.2d 1490, 1495 (11th Cir.1984)). Our review of the record shows that no material facts are in dispute. The parties dispute the ultimate conclusions to be drawn from the facts. These judgments are legal in nature.

III.

Section 102(a) of the Copyright Act, adopted under the express authority of Art. I, Section 8 of the United States Constitution granting Congress the power to give authors exclusive rights to their writings, protects "musical works, including any accompanying words." 17 U.S.C. § 102(a)(2). Section 106 of the Act grants to the copyright holder a variety of exclusive rights in the copyrighted work, including the right to "reproduce the copyrighted work in copies or phonorecords," and to "prepare derivative works based upon the copyrighted work." 17 U.S.C. § 106(1) and (2). The words and music to plaintiff's song "Oh Pretty Woman" are subject to these protections. However, plaintiff's exclusive rights are also subject to the provisions of sections 107 through 118 of the Act, which create exemptions and limitations on the owner's rights.

Section 107 of the Copyright Act states:

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include —
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. In this case 2 Live Crew defends against a charge of copyright infringement by arguing that "Pretty Woman" falls within the exceptions spelled out in section 107.

In determining the scope and extent of the exceptions and limitations to copyright protection carved out by section 107, it is important to focus on the plain language of that section and the directions implicit in its form. Section 107 takes from a copyright owner the exclusive rights to his work insofar as a derivative, or allegedly infringing work, is a "fair use" of the copyrighted work.
1435 Traditionally, fair use *1435 is defined as "`a privilege in others than the owner of the copyright to use the copyrighted material in a reasonable manner without his consent.'" *Harper & Row,* 471 U.S. at 549, 105 S.Ct. at 2224 (quoting H. Ball, *Law of Copyright and Literary Property,* 260 (1944)). Fair use is an "equitable rule of reason," *Sony Corp. of America v. Universal City Studios, Inc.,* 464 U.S. 417, 448, 104 S.Ct. 774, 792, 78 L.Ed.2d 574 (1984), which is used in order to "avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." *Stewart v. Abend,* 495 U.S. 207, 236, 110 S.Ct. 1750, 1768, 109 L.Ed.2d 184 (1990) (quoting *Iowa State Univ. Research Found., Inc. v. American Broadcasting Cos.,* 621 F.2d 57, 60 (2d Cir.1980)). Fair use is the only exception to a copyright holder's exclusive rights in his

work, but section 107 explains that the overarching concept of fair use embraces use of a copyrighted work for the purpose of "criticism, comment, news reporting, teaching, scholarship, or research."

As the jurisprudence of section 107 has developed, the courts have found that the section's recognition of "comment" and "criticism" as species of fair use also, by practical extension of those terms, includes the use of a copyrighted work (or a portion thereof) as a parody or satire of that work. *Rogers v. Koons,* 960 F.2d 301, 309 (2d Cir.1992). Indeed, the fair use formulation found in section 107 is a reflection of Congress's intent to codify the common law fair use doctrine,[7] which has long included parody. *Harper & Row,* 471 U.S. at 549, 105 S.Ct. at 2224; see also *Bloom & Hamlin v. Nixon,* 125 F. 977 (C.C.E.D.Pa.1903) (a parody fair use involving vaudeville impersonations). Therefore, it is understandable that both the parties and the district court focus on parody in their analyses of fair use. However, because the text of section 107 lists specific fair uses, we find that the term parody must be either subsumed within the statutory terms "criticism" or "comment," or be an entirely separate category of exception.

Unfortunately, the terminology of the fair use analysis has evolved in such a way that the popular definition of parody and the statutory definition of parody as a form of criticism have become somewhat confused. Popularly, the term parody may be described as "when one artist, for comic effect or social commentary, closely imitates the style of another artist and in so doing creates a new artwork that makes ridiculous the style and expression of the original." *Rogers,* 960 F.2d at 309-10. This popular definition has been used on occasion as a synonym for that which is necessary to create an exception to the exclusive rights in a copyrighted work. This use, we find, creates confusion and should be avoided. Much of entertainment involves parodies in the popular sense, but section 107 does not direct the courts to conclude that all such parodies are fair uses. For the purposes of this opinion, we will assume, as found by the district court, that 2 Live Crew's song is a parody of Acuff-Rose's copyrighted song, and proceed to determine whether the calculus of section 107 results in a determination of fair use. That determination requires careful application of the four statutory factors. *Harper & Row,* 471 U.S. at 549, 105 S.Ct. at 2224; 3 M. Nimmer, *Nimmer on Copyright,* § 13.05[A] at 13-82.1. Although the question of fair use in the context of musical works is one of first impression in this circuit, we do not write on a clean slate.

Purpose and Character of Use

We look first to the purpose and character of the use of Acuff-Rose's song by 2 Live Crew. We accept the district court's
1436 conclusion that the purpose of the use was to parody the original.[8] We consider *1436 the character of the use separately. The use of a copyrighted work primarily for commercial purposes has been held by the Supreme Court to be presumptively unfair. *Sony Corp.,* 464 U.S. 417, 449, 104 S.Ct. 774, 792, 78 L.Ed.2d 574 (1984). "While commercial motivation and fair use can exist side by side, the court may consider whether the alleged infringing use was primarily for public benefit or for private commercial gain." *MCA, Inc. v. Wilson,* 677 F.2d 180, 182 (2d Cir.1981). The Supreme Court explained that "[t]he crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain, but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price." *Harper & Row,* 471 U.S. at 562, 105 S.Ct. at 2231.

In the instant case, the district court found, and we agree, that "2 Live Crew's song is included on a commercially distributed album sold for the purpose of making a profit," and that "2 Live Crew's primary goal in releasing `As Clean As They Wanna Be' is to sell its music...." 754 F.Supp. at 1154. However, the district court saw the Supreme Court's holdings in *Sony Corp.* and *Harper & Row* regarding the presumptively unfair nature of a commercial purpose as "merely `tend[ing] to weigh against a finding of fair use.'" *Id.* (quoting *Harper & Row,* 471 U.S. at 562, 105 S.Ct. at 2231). We agree that commercial purpose is not
1437 itself controlling on the *1437 issue of fair use, but find that the district court placed insufficient emphasis on the command of *Harper & Row,* wherein the Supreme Court expressly reaffirmed its earlier holding that "`[E]very commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright.'" 471 U.S. at 562, 105 S.Ct. at 2231 (quoting *Sony Corp.,* 464 U.S. at 451, 104 S.Ct. at 792). Therefore, in analyzing the purpose and character of 2 Live Crew's use of the copyrighted song, the facts in the record require that we start from the position that the use is unfair. We are asked to then consider whether 2 Live Crew met its burden to rebut the presumption by a defense, we note, requiring the court to be convinced that the "parody does not unfairly diminish the economic value of the original." *Fisher v. Dees,* 794 F.2d 432, 437 (9th Cir.1986).

Although in this case we do not set aside the district court's conclusion that 2 Live Crew's song is a criticism in the nature of a parody in the popular sense, we nevertheless find that the district court erred in the process of determining that the criticism constituted a fair use of the copyrighted work. We find that the admittedly commercial nature of the derivative work — the

purpose of the work being no less important than its *character* in the Act's formulation — requires the conclusion that the first factor weighs against a finding of fair use. *Sony Corp.,* 464 U.S. at 449, 104 S.Ct. at 792.

Nature of Copyrighted Work

The district court found that this factor weighed against a determination of fair use, and we agree. *Acuff-Rose,* 754 F.Supp. at 1155-56. As a general rule, creative works — literary works of fiction or artistic works — are afforded greater protection from the fair use determination than are works of fact. *Harper & Row,* 471 U.S. at 563, 105 S.Ct. at 2232; *New Era Publications, Int'l v. Carol Publishing Group,* 904 F.2d 152, 157 (2d Cir.), *cert. denied,* ___ U.S. ___, 111 S.Ct. 297, 112 L.Ed.2d 251 (1990). The status of "Oh, Pretty Woman" as a creative work is not contested. In determining whether this factor should weigh in favor of the copyright holder we also ask whether the work "represented a substantial investment of time and labor made in anticipation of financial return." *MCA, Inc.,* 677 F.2d at 182. The record amply supports a finding in favor of Acuff-Rose on this factor.

Portion Used

The third factor we consider is the amount and substantiality of the portion of the copyrighted work used in the derivative work in relation to the copyrighted work as a whole. As applied to alleged parodies, this factor has historically turned on analysis of the "conjure up" test. *Walt Disney Prods. v. Air Pirates,* 581 F.2d 751, 757 (9th Cir.1978), *cert. denied sub nom., O'Neill v. Walt Disney Prods.,* 439 U.S. 1132, 99 S.Ct. 1054, 59 L.Ed.2d 94 (1979). The test asks "whether the parodist has appropriated a greater amount of the original work than is necessary to `recall or conjure up' the object of his satire." *Id.* The test describes a continuum of use, and not only scrutinizes the extent of the taking, but the qualitative nature of that taking. *Harper & Row,* 471 U.S. at 565, 105 S.Ct. at 2233. A *de minimis* use, one that is meager and fragmentary, by definition fails to conjure up the original and does not constitute an infringement. *Elsmere,* 482 F.Supp. at 744. The 2 Live Crew, appropriately, does not attempt to characterize its use of the copyrighted work as *de minimis.* Uses which depart from the *de minimis* level may nevertheless be fair uses, but at some point on the continuum this factor militates against a finding of fair use. *Air Pirates,* 581 F.2d at 757. Parodies are generally allowed to use more of the copyrighted work and still fall within the rubric of fair use than are other types of copying:

> [T]he concept of `conjuring up' an original came into the copyright law not as a limitation on how much of an original may be used, but as a recognition that a parody frequently needs to be more than a fleeting evocation of
> 1438 an original in order to make its humorous point. A parody is entitled at least to `conjure up' the original. *1438
> *Elsmere,* 623 F.2d at 253, n. 1 (citation omitted).

The district court, having found that 2 Live Crew created a parody in the popular sense, applied the conjure up test. The amount of the original work which is appropriated is a factual issue, but the question whether the taking is excessive under the circumstances is one of law. *Fisher,* 794 F.2d at 438, n. 4.

The district court, operating on the assumption that "Pretty Woman" is a parody, concluded: "In view of the fact that the medium is a song, its purpose is parody, and the relative brevity of the copying, it appropriates no more from the original than is necessary to accomplish reasonably its parodic purpose." *Acuff-Rose,* 754 F.Supp. at 1157. Clearly, the court was using the term parody in its popular sense. While it may not be inappropriate to find that no more was taken than necessary, the copying was qualitatively substantial. Both of defendants' affiants stated that 2 Live Crew's version tracks the music and meter of the original. These opinions were intended to demonstrate that the new song is a parody. However, these opinions point out the substantiality of copying. Near verbatim taking of the music and meter of a copyrighted work without the creation of a parody is excessive taking. *See MCA, Inc.,* 677 F.2d at 183-85. Most importantly, defendants' affiants stated that the song is built upon the recognizable bass or guitar riff of the original by repeating that riff eight times. Acuff-Rose's musicologist stated that the riff was probably sampled from the original, that is, simply recorded verbatim and then mixed with 2 Live Crew's additions. "[T]he fact that a substantial portion of the infringing work was copied verbatim is evidence of the qualitative value of the copied material, both to the originator and to the plagiarist who seeks to profit from marketing someone else's copyrighted expression." *Harper & Row,* 471 U.S. at 565, 105 S.Ct. at 2233. The qualitative degree of the copying is even more critical than the quantitative, and we ask what degree of the essence of the original is copied in relation to its whole. *See Salinger v. Random House, Inc.,* 811 F.2d 90, 98 (2d Cir.), *reh'g denied,* 818 F.2d 252, *cert. denied,* 484 U.S. 890, 108 S.Ct. 213, 98 L.Ed.2d 177 (1987). We conclude that taking the heart of the original and making it the heart of a new work was to purloin a substantial

portion of the essence of the original. The facts as developed under this factor, "the amount and substantiality of the portion used in relation to the copyrighted work as a whole" cannot be used in any way to support a finding of fair use.

Effect on Potential Market

This factor has been characterized as "undoubtedly the single most important element of fair use." *Harper & Row,* 471 U.S. at 566, 105 S.Ct. at 2233; *see also Stewart,* 495 U.S. at 238, 110 S.Ct. at 1769. This factor requires that a balance be struck "between the benefit gained by the copyright owner when the copying is found an unfair use and the benefit gained by the public when the use is held to be fair." *Rogers,* 960 F.2d at 311. To demonstrate that the balance weighs in favor of a finding of no fair use:

> Actual present harm need not be shown; such a requirement would leave the copyright holder with no defense against predictable damage. Nor is it necessary to show with certainty that future harm will result. What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists. If the intended use is for commercial gain, that likelihood may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.

Sony Corp., 464 U.S. at 451, 104 S.Ct. at 793 (emphasis in original). The focus is on *potential* harm, and the "inquiry must take account not only of harm to the original but also of harm to the market for derivative works." *Harper & Row,* 471 U.S. at 568, 105 S.Ct. at 2234.

In the instant case, the use of the copyrighted work is wholly commercial, so that we presume that a likelihood of future harm to
1439 Acuff-Rose exists. *See Rogers,* *1439 960 F.2d at 312 (the court holding that "there is simply nothing in the record to support a view that [defendant] produced [the derivative art work] for anything other than sale as high-priced art. Hence, the likelihood of future harm to [plaintiff's] photograph is presumed, and plaintiff's market for his work has been prejudiced").

Having determined that 2 Live Crew created a parody, the district court refused to indulge the presumption and concluded that "it is extremely unlikely that 2 Live Crew's song could adversely affect the market for the original" because the "intended audience for the two songs is entirely different." *Acuff-Rose,* 754 F.Supp. at 1158. In reaching this conclusion, the district court largely relied on the affidavit of Krasilovsky who stated, in part: "I cannot see how it [the new work] can affect the sales or popularity of the Orbison song, except to stimulate interest in the original." *Id.* Although we have already determined that harm for purposes of the fair use analysis has been established by the presumption attaching to commercial uses, we note that inquiry under the fourth statutory factor not only considers harm to the market for the original but harm to the market for derivative works as well. *Id.* This formulation was arrived at by Professor Nimmer, who provided an example relied upon by the *Rogers* court: "[A] movie adaptation is made of a book. Even though the movie may boost book sales, it is an unfair use because of the effect on the potential sale of adaptation rights." *Rogers,* 960 F.2d at 312 (citing 3 Nimmer, § 13.05[B]). Krasilovsky's statement is irrelevant as to the fourth statutory factor. The record on this factor does not support a finding of fair use.

Conclusion

Three of the factors set out in the statute weigh against a finding of fair use. One is, at best, neutral. In dealing with uses popularly termed parodies, the factors involving the commercial nature of the use and the damage to the defendant are of particular significance. It is likely, for example, that an identical use of the copyrighted work in this case at a private gathering on a not-for-profit basis would be a fair use. It is the blatantly commercial purpose of the derivative work that prevents this parody from being a fair use.

We conclude that the district court erred in granting summary judgment to defendants. The four factors set forth in section 107 of the Act support the conclusion that 2 Live Crew's use of Acuff-Rose's copyrighted song was not a fair use. We REVERSE and REMAND for proceedings consistent with this opinion.

DAVID A. NELSON, Circuit Judge, dissenting.

A Second Circuit panel that included both of the cousins Hand once called the "fair use" issue "the most troublesome in the

whole law of copyright." *Dellar v. Samuel Goldwyn, Inc.,* 104 F.2d 661, 662 (2d Cir.1939). It has been said, indeed, that the fair use doctrine "is so flexible as virtually to defy definition." *Time, Inc. v. Bernard Geis Assocs.,* 293 F.Supp. 130, 144 (S.D.N.Y.1968).

Perhaps the most troublesome fair use issue of all is the question of whether a particular parody constitutes fair use of a copyrighted original. The parody cases appear to be in hopeless conflict. Compare, for example, *Loew's, Inc. v. Columbia Broadcasting System,* 131 F.Supp. 165 (S.D.Cal.1955), *aff'd sub nom. Benny v. Loew's, Inc.,* 239 F.2d 532 (9th Cir.1956), *aff'd by an equally divided court,* 356 U.S. 43, 78 S.Ct. 667, 2 L.Ed.2d 583 (1958) (Jack Benny's parody of the motion picture "Gaslight" held not to be fair use of the original), with *Berlin v. E.C. Publications, Inc.,* 329 F.2d 541 (2d Cir.), *cert. denied,* 379
1440 U.S. 822, 85 S.Ct. 46, 13 L.Ed.2d 33 (1964) (Mad Magazine parodies of Irving Berlin songs held to be fair use).[1] *Cf.* *1440 *Columbia Pictures Corp. v. National Broadcasting Co.,* 137 F.Supp. 348 (S.D.Cal.1955), where the same district judge who rejected the fair use defense for Jack Benny's parody of "Gaslight" accepted the defense for a Sid Caesar parody of "From Here to Eternity." In sum, whether a particular parody is entitled to the protection of the fair use doctrine is a question likely to be dealt with by lower courts in much the same way that the Supreme Court deals with more than a few questions of constitutional law; we think we know fair use when we see it, even if we cannot do a very good job of relating what we see (or do not see) to the governing text.

The text that is pertinent here is statutory, not constitutional.[2] Where parody is concerned, however, the guidance provided by the statute is at least as Delphic as that sometimes provided by the Constitution. The Copyright Act says that "the fair use of a copyrighted work ... for purposes *such as* criticism, comment ... scholarship or research, is not an infringement of copyright." 17 U.S.C. § 107 (emphasis supplied). (The statute itself tells us that the words "such as" mean what they say and "are illustrative and not limitative." 17 U.S.C. § 101.) The statute then goes on to list four factors that shall be "include[d]" among the factors considered by a court in determining a question of fair use: "In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall *include* [the four factors.]" Section 107 (emphasis supplied). Here again, the list provided by Congress is "nonexclusive," to borrow the term used in *Harper & Row, Publishers, Inc. v. Nation Enterprises,* 471 U.S. 539, 549, 105 S.Ct. 2218, 2224, 85 L.Ed.2d 588 (1985); the court is free to consider any other factors that may be relevant.

Where we are dealing with parody, as I shall suggest, unenumerated factors may have no less relevance than the four set forth in the statute — and the statutory factors are likely to have a somewhat different impact on our deliberations than they would in a non-parody situation. Before turning to these matters, however, I think it would be helpful to consider what it is we are talking about when we speak of "parody."

The etymology of the word has direct relevance to this case. The term comes from the Greek *parodeia,* meaning "a song sung alongside another."[3] The musical parody is thus the very archetype of the genre.

One of the best definitions I have come across is the following, which appears in a prize-winning student essay:

1441 *1441 "A parody is a work that transforms all or a significant part of an original work of authorship into a derivative work by distorting it or closely imitating it, for comic [or, I would add, for satiric] effect, in a manner such that both the original work of authorship and the independent effort of the parodist are recognizable." Clemmons, "Author v. Parodist: Striking a Compromise," ASCAP Copyright Law Symposium No. 33 (1987) at 101.[4]

Some authorities go on to suggest that if the derivative work is to be treated as true parody, it must do more than achieve a comic effect: "It must also make some critical comment or statement about the original work which reflects the original perspective of the parodist — thereby giving the parody social value beyond its entertainment function." *Metro-Goldwyn-Mayer v. Showcase Atlanta Cooperative Productions, Inc.,* 479 F.Supp. 351, 357 (N.D.Ga.1979); *New Line Cinema Corp. v. Bertlesman Music Group, Inc.,* 693 F.Supp. 1517, 1525 (S.D.N.Y.1988). See also Faaland, "Parody and Fair Use: The Critical Question," 57 Wash.L.Rev. 163 (1981); Bisceglia, "Parody and Copyright Protection: Turning the Balancing Act into a Juggling Act," ASCAP Copyright Law Symposium No. 34 (1987). But whether or not a derivative work must "criticize" the original, I am not sure that I understand the reservations my colleagues on the panel have expressed in this case about accepting the district court's conclusion that 2 Live Crew's "Pretty Woman" is in fact a parody of the Acuff-Rose original. Under anyone's definition, it seems to me, the 2 Live Crew song is a quintessential parody.

The Second Circuit faced a similar definitional question in *Berlin v. E.C. Publications, Inc.,* 329 F.2d 541 (2d Cir.), *cert. denied,* 379 U.S. 822, 85 S.Ct. 46, 13 L.Ed.2d 33 (1964). One of the Irving Berlin pieces on which the Mad Magazine people had worked their peculiar magic was the song "A Pretty Girl is Like a Melody." (Messrs. Orbison and Dees are obviously not the first tunesmiths to have turned their attention to a comely female.) The defendants, in the words of the court,

> "transformed the plaintiffs' `A Pretty Girl is Like a Melody,' into `Louella Schwartz Describes Her Malady'; what was originally a tribute to feminine beauty became a burlesque of a feminine hypochondriac troubled with sleeplessness and a propensity to tell the world of her plight." *Id.* at 543.

This was "parody," the Second Circuit said — and it was parody that constituted fair use of Irving Berlin's original work:

> "For, as a general proposition, we believe that parody and satire *are* deserving of substantial freedom — both as entertainment and as a form of social and literary criticism. As the readers of Cervantes' `Don Quixote' and Swift's `Gulliver's Travels,' or the parodies of a modern master such as Max Beerbohm well know, many a true word is indeed spoken in jest." *Id.* at 545.

In *Fisher v. Dees,* 794 F.2d 432 (9th Cir.1986), similarly, the Ninth Circuit had occasion to analyze a pair of songs about women named "Sunny" or "Sonny." The first piece, recorded in the 1950s by Johnny Mathis, was entitled "When Sunny Gets Blue." The
1442 second, released in 1985 under the title "When Sonny Sniffs Glue," copied *1442 the first six bars (the recognizable main theme) of the original song's 38 bars. The derivative work transformed the original opening lyrics — "When Sunny gets blue, her eyes get gray and cloudy, then the rain begins to fall" — into "When Sonny sniffs glue, her eyes get red and bulgy, then her hair begins to fall." *Id.* at 434. After listening to tapes of both songs, the Ninth Circuit panel had no difficulty at all in rejecting an argument that "the so-called parody is not actually a parody, or at least is not a parody of the composer's song." *Id.* at 436. Said the court,

> "Although we have no illusions of musical expertise, it was clear to us that Dees's version was intended to poke fun at the composers' song, and at Mr. Mathis's rather singular vocal range. We reject the notion that the song was used merely as a vehicle to achieve a comedic objective unrelated to the song, its place and time." *Id.*

Like the Second Circuit panel in *Berlin,* the *Fisher* court affirmed a finding that the parody was entitled to fair use protection as a matter of law. *Id.* at 440.

I myself have no more "illusions of musical expertise" than did the members of the court that decided *Fisher v. Dees.* After listening, however, to Exhibits D and E, the tapes of the two "Pretty Woman" songs, I am satisfied that the 2 Live Crew version both imitates and distorts the original work for comic or satiric effect, and does so in such a way that both the original work and the work of the parodist are readily recognizable. The parody (done in an African-American dialect) was clearly intended to ridicule the white-bread original — and if a higher criticism is necessary to qualify the derivative work as true parody, such criticism is readily discernible.

The affidavit of Oscar Brand explains, as Judge Joiner has noted, that "this anti-establishment singing group [2 Live Crew] is trying to show how bland and banal the Orbison song seems to them." The district court accepted Brand's explanation. 754 F.Supp. at 1155. So do I. Whether one likes the original or not — and the maxim *"de gustibus non est disputandum"* comes to mind here — the original is quite clearly being held up to criticism by 2 Live Crew.

Consider the plot, if one may call it that, of the original work. A lonely man with a strangely nasal voice sees a pretty woman (name unknown) walking down the street. The man speculates on whether the woman is lonely too. Apostrophizing her in his mind, he urges her to stop and talk and give him a smile and say she will stay with him and be his that night. The woman walks on by, and the man resigns himself to going home alone. Before he leaves, however, he sees the woman walking back to him. End of story.

This little vignette is intended, I think, to be sort of sweet. While it is certainly suggestive, it is also, by the standards of its time, "romantic" rather than indelicate. The singer evokes a sexual theme in his soliloquy, but then leaves the realization of his desire to the listener's imagination.

The parody by 2 Live Crew is much more explicit, and it reminds us that sexual congress with nameless streetwalkers is not necessarily the stuff of romance and is not necessarily without its consequences. The singers (there are several) have the same thing on their minds as did the lonely man with the nasal voice, but here there is no hint of wine and roses. The 2 Live Crew

singers — randy misogynists, not lonely Sir Lancelots — raucously address a "big hairy woman" and her "bald-headed friend," one or both of whom are urged to "let the boys jump in." One singer chides a woman (the big hairy one, I think) for having cheated on him ("Two timin' woman/You's out with my boy last night"). In the end, this cloud proves to have what the singer sees as a silver lining:

> "Two timin' woman/That takes a load off my mind Two timin' woman/Now I know the baby ain't mine."

This, I should say, is "criticism" with a vengeance — and the thematic relationship to the original is obvious. The relationship between the copyrighted song and the parody is every bit as patent here as was the corresponding relationship between the
1443 songs considered by the courts in *Elsmere* *1443 *Music, Inc. v. National Broadcasting Co.,* 482 F.Supp. 741 (S.D.N.Y.1980), *aff'd* 623 F.2d 252 (2d Cir.1980). That case involved an oft-repeated advertising jingle known as "I Love New York" and a Saturday Night Live take-off entitled "I Love Sodom." The parody was held to constitute a fair use of the original. The statutory factors, in my view, fully support a corresponding result in the instant case.

*** * * * * ***

The first of the factors that we must consider is this:

> "(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes...."

In the case before us, of course, the purpose is parody and the character is commercial. Does the mere fact that the parodists hoped to make money mean that their use of the original work is presumptively unfair? I am by no means convinced that the Supreme Court would so hold — and any such presumption would be readily rebuttable in any event.

It is true that in the *Betamax* case, *Sony Corp. v. Universal City Studios, Inc.,* 464 U.S. 417, 451, 104 S.Ct. 774, 793, 78 L.Ed.2d 574 (1984), the Court made the broad statement that "every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright...." It is also true that this statement was quoted with approval in *Harper & Row,* 471 U.S. at 562, 105 S.Ct. at 2231. But both of those cases involved mechanical copying, literally or figuratively, without alteration of the copied material.

There is a difference, obviously, between copying and caricaturizing. By calling into being a new and transformed work, the caricaturist exercises a type of creativity that is foreign to the work of the copyist. And the creative work of the caricaturist is surely more valuable than the reproductive work of the copyist. Thus it has been suggested that the presumption of unfairness in cases of commercial exploitation "is sensible and appropriate only when applied to commercial *reproductive* uses...." Note, "The Parody Defense to Copyright Infringement: Productive Fair Use After *Betamax,*" 97 Harv.L.Rev. 1395, 1408 (1984).

An illustration may help. W.S. Gilbert and Sir Arthur Sullivan created comic operas that are among the most commercially successful of all time. Gilbert and Sullivan certainly cannot be said to have had "nonprofit educational purposes" in mind when they wrote such a work as *Princess Ida,* one of their minor masterpieces. *Princess Ida* was, in Gilbert's words, "a respectful operatic perversion" of "The Princess," a lengthy poem by Tennyson. Would the world not be a poorer place if Lord Tennyson could have stilled the voice of W.S. Gilbert merely because Gilbert's purposes included the making of money? For anyone who loves Gilbert and Sullivan — and their number is legion — the question answers itself.

Similarly, I think, the world would be the poorer if the holders of the copyright on "I Love New York" had been allowed to block the Saturday Night Live rendition of "I Love Sodom." "[I]n today's world of often unrelieved solemnity," as the Second Circuit panel remarked in affirming the judgment in favor of Saturday Night Live, "copyright law should be hospitable to the humor of parody...." *Elsmere Music Co., Inc.,* 623 F.2d at 253.

1444 We should almost certainly be hospitable to the humor of parody if we allowed ourselves to be guided, as the Supreme Court was guided in the *Betamax* case, "by Justice Stewart's exposition of the correct approach to the ambiguities in the law of copyright." *Sony,* 464 U.S. at 431, 104 S.Ct. at 783. The cause that is ultimately to be served, Justice Stewart observed in *Twentieth Century Music Corp. v. Aiken,* 422 U.S. 151, 156, 95 S.Ct. 2040, 2043, 45 L.Ed.2d 84 (1975), is "the cause of promoting broad public availability of literature, music and other arts." What Justice Stewart called the "ultimate aim" of copyright law is "to stimulate artistic creativity for the general public good." *Id.* (footnote omitted). If we keep this ultimate aim in

mind, it seems to me, we are not likely to *1444 conclude that parody for profit is presumptively "unfair."

* * * * * *

The second statutory factor to be considered is

> "(2) the nature of the copyrighted work...."

The pertinent data in this connection are that Orbison and Dees published "Oh, Pretty Woman" long before the alleged infringement occurred, and that theirs is a work of the imagination rather than a piece of historical reportage.

That the original song had long since been published is a factor which works in favor of the 2 Live Crew defendants. See *Harper & Row,* 471 U.S. at 564, 105 S.Ct. at 2232, where the Supreme Court declared that "the scope of fair use is narrower with respect to unpublished works." The fact that "Oh, Pretty Woman" is a creative work might tend to offset the publication factor, perhaps, if the work were not being used for the purpose of parody. But parody routinely sets its sights on the fictive as opposed to the factual. If, as the Second Circuit insists, "parody and satire *are* deserving of substantial freedom," *Berlin,* 329 F.2d at 545, it would make no sense at all to penalize the parodist for taking as his subject precisely the sort of work that has been grist for parodists' mills for the last two and a half millennia.

* * * * * *

The third statutory factor is a somewhat problematical one, where parody is concerned:

> "(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole...."

The "portion used" test is problematical in this context because parody cannot be parody unless it allows the original work to shine through in a form which, while distorted, is recognizable. "Parody by its nature demands close imitation," Bisceglia, "Parody and Copyright Protection," ASCAP Copyright Law Symposium No. 34 at 17; substantial usage is thus almost a given.

The Ninth Circuit has held that the fair use defense must fail when the purported parodists' copying "is virtually complete or almost verbatim." *Walt Disney Productions v. Air Pirates,* 581 F.2d 751, 756 (9th Cir.1978), *cert. denied,* 439 U.S. 1132, 99 S.Ct. 1054, 59 L.Ed.2d 94 (1979). I have no quarrel with this formulation; near-verbatim copying is closer to plagiarism than it is to parody. But neither the music nor the lyrics of 2 Live Crew's "Pretty Woman" can fairly be said to constitute near-verbatim copying of the Orbison and Dees original.[5]

"At the very least," the Second Circuit has said, a parody will pass muster under the "portion used" factor "where the parodist does not appropriate a greater amount of the original work than is necessary to `recall or conjure up' the object of his satire. ..."
1445 *Berlin,* 329 F.2d at 545. Saturday Night Live's "I Love Sodom" was held to pass the "conjure up" test,[6] and 2 Live *1445 Crew's "Pretty Woman" does not appear to have appropriated more of the original on which it was based than did "I Love Sodom."

The district court (Wiseman, J.) made these observations about the amount and substantiality of the mimicry in the 2 Live Crew song:

> "In this case, 2 Live Crew has not mimicked so much of `Oh, Pretty Woman' that it runs afoul of the substantiality factor. Notable aspects of the original song are plainly present in 2 Live Crew's version but, unlike *Air Pirates,* this is not a case of virtually complete or verbatim copying. Rather this case falls in the realm of parodies envisioned by *Fisher* and *Berlin.* In view of the fact that the medium is a song, its purpose is parody, and the relative brevity of the copying, it appropriates no more from the original than is necessary to accomplish reasonably its parodic purpose. *Fisher,* 794 F.2d at 439." 754 F.Supp. at 1157.

I cannot improve on Judge Wiseman's analysis of the substantiality factor.

* * * * * *

The last of the statutory factors is this:

> "(4) the effect of the use upon the potential market for or value of the copyrighted work."

To me, at least, it seems as clear in this case as it did to the Second Circuit in *Berlin* that "the parody has neither the intent nor the effect of fulfilling the demand for the original...." 329 F.2d at 545.

The affidavit of Oscar Brand says that

> "Parodies have never interfered with the popularity of the original. * * * The sales graph of `Hello, Dolly' didn't change when it became `Hello, Lyndon,' and `Hello, Nixon.' Hundreds of popular songs have been `covered' by parody performances and recordings without altering their popular appeal or interfering with their sales."

Although Brand's assertion that parodies have "never" interfered with the popularity of the original strikes me as dubious, there has been no showing of any such interference here.[7] Brand — who is probably on firmer ground when he sticks to the specifics of this case — explains that the audiences for the two songs are quite different:

> "There is no question in my mind that the song "Oh, Pretty Woman" by Roy Orbison and William Dees was intended for Mr. Orbison's country music audience and middle-America.
>
> [] On the other hand, 2 Live Crew's version[], which is unquestionably a comic parody, is aimed at the large black populace which used to buy what was once called `race' records. The group's popularity is intense among the disaffected, definitely not the audience for the Orbison song. I cannot see how it can affect the sales or popularity of the Orbison song, except to stimulate interest in the original."

Brand's analysis of the market stands unrefuted. One month after Brand gave his affidavit, the plaintiff's Director of Licensing, Gerald Tiefer, executed an affidavit in which there is no attempt to deny that the two songs are aimed at different markets.[8] Mr. Tiefer does suggest, however, that the 2 Live Crew parody could impair the value of the plaintiff's right to grant licenses to parodists. And Mr. Jerry Flowers, Executive Director of Publishing for the plaintiff's parent corporation, says in an affidavit that the licensing of parodies of established hit songs has become extremely lucrative.

1446 *1446 Judge Joiner invites our attention, in this connection, to *Rogers v. Koons,* 960 F.2d 301, 312 (2d Cir.1992), where the Second Circuit observed that "the inquiry considers not only harm to the market for the original [work], but also harm to the market for derivative works." In a passage a portion of which was quoted with approval in *Harper & Row,* 471 U.S. at 568, 105 S.Ct. at 2234, similarly, the Nimmer treatise says that "[i]f the defendant's work adversely affects the value of any of the rights of the copyrighted work ... [including the right to license derivative works,] the use is not fair even if the rights thus affected have not as yet been exercised by the plaintiff." 3 Nimmer on Copyrights, § 13.05[B] at 13-88.19 (1992) (citations omitted).

Nimmer, however, is not discussing parody here; the quoted passage deals with a motion picture hypothetically adapted from a copyrighted novel. And neither *Rogers v. Koons* nor *Harper & Row* involved parody either. The former was a case in which a sculpture had been copied with great fidelity from a photograph — the artisans who produced the sculpture were told that the *"work must be just like photo,"* 960 F.2d at 305 — and the latter was a case in which quotations from the unpublished manuscript of President Ford's autobiography were lifted by the defendant verbatim.

Parody, again, is different. It transforms as it copies, and it may well savage the original work in the process. In the past, at least, copyright holders have not been overly enthusiastic about agreeing to see their works parodied — and the law itself has licensed parodists, much as the law has given license to book reviewers, drama critics, and other commentators. Ours is a commercial age, to be sure, and consensual "parody licenses" may be more common now than they used to be. I confess that I am still uneasy, however, about the prospect of the courts turning copyright holders into censors of parody. Neither the history of the fair use doctrine nor the four factors enumerated in the Copyright Act compel such a result. "[P]ermissible parody, whether or not in good taste, is the price an artist pays for success...." *MCA, Inc. v. Wilson,* 677 F.2d 180, 191 (2d Cir.1981) (Mansfield, J., dissenting).

I said earlier in this opinion that there may be factors which, although not enumerated in the Copyright Act, merit consideration by the courts in determining when parody constitutes fair use. I shall mention only one such factor — one foreshadowed in what has already been said. It is this: *the social value of the parody as criticism.*

In the case at bar, it seems to me, this factor militates rather strongly in favor of affirmance of the district court's finding of fair use. The 2 Live Crew "Pretty Woman" is hopelessly vulgar, to be sure,[9] but we ought not let that fact conceal what may be the

song's most significant message — for here the vulgarity, to paraphrase Marshall McLuhan, *is* the message. The original work may not seem vulgar, at first blush, but the 2 Live Crew group are telling us, knowingly or unknowingly, that vulgar is precisely what "Oh, Pretty Woman" is. Whether we agree or disagree, this perception is not one we ought to suppress.

[*] Honorable Charles W. Joiner, United States District Court for the Eastern District of Michigan, sitting by designation.

[1] We use the term "album" generically; "As Clean As They Wanna Be" was also released on compact disc and cassette tape.

[2] The parties dispute the above chronology. Defendants contend that Campbell intended all along to create a comic song and appropriately sought the permission of Acuff-Rose prior to doing so. Acuff-Rose sees Fine's letter as a effort to create a revisionist history of legitimacy for an act of piracy. The district court found that "As Clean As They Wanna Be" was released on July 15, 1989, subsequent to Fine's letter to Tiefer. Campbell's intent is not dispositive of the case, but we note that this finding contradicts Campbell's affidavit. The only support in the record for a July 15 release date is found in Acuff-Rose's response to the motion for dismissal, in which counsel asserted a release date "on or about July 15, 1989." Campbell's affidavit is a better factual source than counsel's contention.

[3] At oral argument, counsel for 2 Live Crew stated that the deposit was a tactical mistake which should not be construed as an admission that the group's song was something other than a fair use parody. Our review of the record reveals confusion over the status of "Pretty Woman" as either a "comic" effort, such as those created by comic musician Weird Al Yankovic, or a "parody," which purports to deliver social commentary within a humorous framework. Yankovic's works are licensed uses, not "fair uses" for which a license is not required. This confusion on the part of 2 Live Crew adds weight to Acuff-Rose's assertion that Campbell's intent to create a parody was only formed after "Pretty Woman" was released.

[4] 2 Live Crew also presented the affidavit of M. William Krasilovsky, whose conclusions and the reasons therefore are much the same as Brand's.

[5] The district court also determined that Acuff-Rose's pendent state law claims were preempted by section 301 of the Copyright Act. *Acuff-Rose Music,* 754 F.Supp. at 1159-60. Acuff-Rose does not challenge this determination.

[6] Acuff-Rose also sought leave to amend its complaint to allege violations of the Lanham Act. 15 U.S.C. § 1125(a). The district court denied the motion and Acuff-Rose does not allege error in the denial.

[7] *See,* S.Rep. No. 94-473, 94th Cong., 1st Sess. at 61-62 (1975); H.R.Rep. No. 94-1476, 94th Cong., 2d Sess. at 65 (1976).

[8] We do so with considerable reservation, as the district court's parody analysis does not, in our view, comport with proper analysis of that term.

The district court compared the statement of the parties' affiants and concluded: "Acuff-Rose may not like it, and 2 Live Crew may not have created the best parody of the original, but nonetheless the facts convincingly demonstrate that it is a parody." *Acuff Rose,* 754 F.Supp. at 1155. The district court closely parsed the lyrics of the two songs, finding that: "Although the parody starts out with the same lyrics as the original, it quickly degenerates into a play on words, substituting predictable lyrics with shocking ones." *Id.* 2 Live Crew contends that by way of the "shocking" lyrics "Pretty Woman" was intended to satirize the original work, as well as society at large. Our difficulty with the district court's conclusion that this intention was realized is that, even accepting that "Pretty Woman" is a comment on the banality of white-centered popular music, we cannot discern any parody of the original song. Failing a direct comment on the original, there can be no parody, as the "copied work must be, at least in part, an object of the parody, otherwise there would be no need to conjure up the original work." *Rogers,* 960 F.2d at 310 (citing *MCA, Inc.,* 677 F.2d at 185).

In the copyrighted song, the singer remarks on the beauty of a woman he sees on the street. The singer is initially disappointed when the woman rebuffs his advances and later exults when the woman appears to change her mind. Campbell's lyrics involved women but aside from broadly evoking the theme of the original in the opening line of the 2 Live Crew version: "Pretty Woman — Walkin' down the street, Pretty Woman — Girl you look so sweet," bear no discernible relationship to the original. Instead, as Brand noted, the lyrics examine a series of women with unappealing attributes: "Big Hairy Woman — You need to shave that stuff, Big Hairy Woman — You know I bet it's tough, Big Hairy Woman — All that hair it ain't legit, 'Cause you look like `cousin it,' Big Hairy Woman," or who are not faithful: "Two Timin' Woman — Girl you know you ain't right, Two Timin' Woman — You's out with my boy last night, Two Timin' Woman — That takes a load off my mind, Two Timin' Woman — Now I know the baby ain't mine."

In our opinion, this is not a new work which makes ridiculous the style and expression of the original, although there is plainly an element of the ridiculous to the new work. We cannot see any thematic relationship between the copyrighted song and the alleged parody. The mere fact that both songs have a woman as their central theme is too tenuous a connection to be viewed as critical comment on the original. We find instructive the holding in *Elsmere v. National Broadcasting Co.,* 482 F.Supp. 741 (S.D.N.Y.1980), *aff'd per curiam,* 623 F.2d 252 (2d Cir.1980). The Court of Appeals for the Second Circuit agreed with the district court that the company of the television program "Saturday Night Live" had performed a parody — entitled "I Love Sodom" — of the then-widely known advertising jingle "I Love New York." The new work cast the original image-polishing effort as ridiculous by asserting that the effort to redeem New York City's image was futile. It is this sort of direct comment, comment which is expressly and unambiguously directed at the message of the original work, which constitutes a parody. Similarly, the court in

Rogers found that a sculpture based upon a copyrighted photograph was not a parody regardless of the creator's alleged intention to point out the banality of the copyrighted work. *Rogers,* 960 F.2d at 309-10. The new work, the court found, could perhaps be seen as a critique of materialistic society at large, but on its face the sculpture failed to make critical comment regarding the original creative work. *Id.* We are in agreement with the *Rogers* court that the term parody cannot be allowed to assume too broad a definition, for if an "infringement of a copyrightable expression could be justified as a fair use solely on the basis of the infringer's claim to a higher or different artistic use ... there would be no practicable boundary to the fair use defense." *Id.* at 310.

[1] As *Berlin* points out, 329 F.2d at 544-45, *Loew*'s has been widely criticized. Among the critics is no less a figure than Professor (later Justice) Benjamin Kaplan. See Kaplan, *An Unhurried View of Copyright* (1967) at 69. The Ninth Circuit has said that its *Loew*'s decision "was essentially repudiated by Congress's recognition of parody in the notes to the Copyrights Act of 1976." *Fisher v. Dees,* 794 F.2d 432, 435 (9th Cir.1986), citing 17 U.S.C.A. § 107 Historical Note. (The Note quotes House Report No. 94-1476 as listing "use in a parody of some of the content of the work parodied" as among "the sort of activities the courts might regard as fair use under the circumstances.")

[2] There are, to be sure, authorities who would constitutionalize copyright law. Some would treat satire as sacrosanct under the First Amendment. See, *e.g.,* Goetsch, "Parody as Free Speech — The Replacement of the Fair Use Doctrine By First Amendment Protection," 3 W.New Eng.L.Rev. 39 (1980). Others would accord constitutional protection to any parody a limitation on which would, in the opinion of the judge, impede "the Progress of Science" as that phrase is used in the Copyright Clause, Art. I, § 8 of the Constitution. See Bisceglia, "Parody and Copyright Protection: Turning the Balancing Act Into a Juggling Act," ASCAP Copyright Law Symposium No. 34 (1987) at 23. As for me, I cannot work up much enthusiasm for turning every copyright case into a mini-*Marbury v. Madison* [5 U.S. 137, 1 Cranch 137, 2 L.Ed. 60] or *New York Times Co. v. Sullivan* [376 U.S. 254, 84 S.Ct. 710, 11 L.Ed.2d 686.] The major role in determining how to promote the progress of science has been given, after all, to Congress: "As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors...." *Sony Corp. v. Universal City Studios, Inc.,* 464 U.S. 417, 429, 104 S.Ct. 774, 782, 78 L.Ed.2d 574 (1984). The Ninth Circuit has rejected out of hand the notion that the First Amendment gives parodists a blanket protection from copyright infringement actions. *Fisher v. Dees,* 794 F.2d 432, 434 n. 2 (9th Cir.1986).

[3] VII Encyclopedia Britannica (15th ed. 1975) at 768. *"Parodeia"* joins the Greek words for "beside" and "to sing" — the roots of our prefix "para" and our word for a lyric poem, "ode." Webster's New International Dictionary (3d ed. 1961).

[4] See also Note, "The Parody Defense to Copyright Infringement: Productive Fair Use After *Betamax,*" 97 Harv.L.Rev. 1395 (1984): "Parody, in its purest form, is the art of creating a new literary, musical, or other artistic work that both mimics and renders ludicrous the style and thought of an original." The examples cited by the Harvard editors are Cervantes' *Don Quixote* (1614), Pope's *The Rape of the Lock* (1712), and Austen's *Northanger Abbey* (1818), all of which parodied then-popular literary genres. Judge Yankwich provides a much longer list of well known parodies in his article "Parody and Burlesque in the Law of Copyright," 33 Can.B.Rev. 1131 (1955). The art form goes back at least as far as Aristophines, the famous comic dramatist of ancient Greece, whose play *The Frogs* (405 B.C.) — a work still performed today — spoofed the plays of Aeschylus and Euripides.

Parodies often outlast and outshine the works parodied. A good example is Lewis Carroll's "You Are Old, Father William," a takeoff on Southey's work "The Old Man's Comforts." The texts, which are strikingly similar in form, may be read side-by-side in the appendix to Bisceglia, "Parody and Copyright Protection: Turning the Balancing Act into a Juggling Act," ASCAP Copyright Law Symposium No. 34 (1987) at 37-38.

[5] I recognize that the affidavit of musicologist Earl Spielman refers to a "one measure guitar lick" that "may have actually been sampled or lifted and then incorporated into the recording of `Pretty Woman' as performed by The 2 Live Crew." But the Copyright Act "protects only those sound recordings `fixed' on or after February 15, 1972," Note, "Digital Sound Sampling, Copyright and Publicity: Protecting Against the Electronic Appropriation of Sounds," 87 Col. L.Rev. 1723, 1727-28 (1987), citing 17 U.S.C. § 301(c); Orbison and Dees recorded "Oh, Pretty Woman" in 1964. It is arguable, moreover, that a "sampling" of no more than a few notes should be governed by the maxim *de minimis non curat lex. Id.* at 1735. Finally, the plaintiffs have not shown by a preponderance of the evidence that any sampling really occurred here — and to my untrained ear, at least, it is obvious that most of the 2 Live Crew music was not lifted electronically from the 1964 recording.

[6] The Second Circuit noted by way of dictum in that case that "[e]ven more extensive use [than that necessary to `conjure up' the original] would still be fair use, provided the parody builds upon the original, using the original as a known element of modern culture and contributing something new for humorous effect or commentary." 623 F.2d at 253 n. 1. Professor Nimmer's treatise asserts that "[t]his went too far," adding that "[t]he Second Circuit later drew back from this extreme...." 3 Nimmer on Copyright, § 13.03[f] at 13-90.9-.10 (1992), citing *Warner Bros., Inc. v. American Broadcasting Companies,* 654 F.2d 204 (2d Cir.1981), and *MCA, Inc. v. Wilson,* 677 F.2d 180 (2d Cir.1981). I am by no means sure that the *Elsmere* dictum did go too far, but it makes no difference in the case at bar; the 2 Live Crew song passes the "conjure up" test in any event.

[7] Because parody is a special case, moreover, a drop in the popularity of the original "Oh, Pretty Woman" would be of doubtful relevance anyway. "[W]e must accept the harsh truth that parody may quite legitimately aim at garroting the original, destroying it commercially as well as artistically." Kaplan, *An Unhurried View of Copyright,* at 69.

[8] This case is thus different from *New Line Cinema Corp. v. Bertlesman Music Group,* 693 F.Supp. 1517 (S.D.N.Y.1988), where testimony "unequivocally established that the songs `Nightmare on My Street' and `Are You Ready for Freddy?' are in direct competition." *Id.* at 1528.

[9] Vulgarity, in practice, probably cuts against acceptance of the parody defense. *See MCA, Inc. v. Wilson,* 677 F.2d 180, 185 (2d Cir.1981), where the panel majority said this:

"We are not prepared to hold that a commercial composer can plagiarize a competitor's copyrighted song, substitute dirty lyrics of his own, perform it for commercial gain, and then escape liability by calling the end result a parody or satire on the mores of society." *MCA, Inc. v. Wilson,* 677 F.2d 180, 185 (2d Cir.1981).

I have some sympathy for this attitude, particularly where the parties really are "competitors;" be the lyrics of the derivative work dirty or clean, it goes against the grain to let a competitor reap where he has not sown. In the case at bar, however, there has been no showing that the parties are competitors. The 2 Live Crew song, moreover, is not just "a parody or satire on the mores of society" — it is a parody or satire on the mores of Orbison's Pretty Woman and her admirer.

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UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 2014

(Argued: December 3, 2014 Decided: October 16, 2015)

Docket No. 13-4829-cv

- -X

THE AUTHORS GUILD, BETTY MILES,
JIM BOUTON, JOSEPH GOULDEN,
individually and on behalf of all others
similarly situated,
Plaintiff-Appellants,

HERBERT MITGANG, DANIEL
HOFFMAN, individually and on behalf of
all others similarly situated, PAUL
DICKSON, THE MCGRAW-HILL
COMPANIES, INC., PEARSON
EDUCATION, INC., SIMON &
SCHUSTER, INC., ASSOCIATION OF
AMERICAN PUBLISHERS, INC.,
CANADIAN STANDARD
ASSOCIATION, JOHN WILEY & SONS,
INC., individually and on behalf of all
others similarly situated,

Plaintiffs,

v.

GOOGLE, INC.,
Defendant-Appellee.

- X

Before: LEVAL, CABRANES, PARKER, *Circuit Judges*.

Plaintiff-appellants, who are authors of published books under copyright, appeal from the judgment of the United States District Court for the Southern District of New York (Chin, *J.*) in favor of Defendant Google, Inc. Plaintiffs sued Google, alleging that its Library Project and Google Books project infringe Plaintiffs' copyrights. Through these projects, Google makes and retains digital copies of books submitted to it by major libraries, allows the libraries that submitted a book to download and retain a digital copy, and allows the public to search the texts of the digitally copied books and see displays of snippets of text. The district court granted summary judgment based on its conclusion that Google's copying is fair use under 17 U.S.C. § 107 and is therefore not infringing. The Court of Appeals concludes that the defendant's copying is transformative within the meaning of *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-585 (1994), does not offer the public a meaningful substitute for matter protected by the plaintiffs' copyrights, and satisfies § 107's test for fair use. AFFIRMED.

For Plaintiff-Appellants: PAUL M. SMITH, JENNER & BLOCK LLP, WASHINGTON, DC (Edward H. Rosenthal, Jeremy S. Goldman, Anna Kadyshevich, Andrew D. Jacobs, Frankfurt Kurnit Klein & Selz PC, New York, NY *on the brief*)

For Defendant-Appellee: SETH P. WAXMAN, WILMER CUTLER PICKERING HALE AND DORR LLP, WASHINGTON, D.C. (Louis R. Cohen, Daniel P. Kearney, Jr., Weili J. Shaw, Wilmer Cutler Pickering Hale and Dorr LLP, Washington D.C & Daralyn J. Durie, Joseph C. Gratz, Durie Tangri LLP, San Francisco, CA *on the brief*)

Leval, *Circuit Judge*:

This copyright dispute tests the boundaries of fair use. Plaintiffs, who are authors of published books under copyright, sued Google, Inc. ("Google") for copyright infringement in the United States District Court for the Southern District of New York (Chin, *J.*). They appeal from the grant of summary judgment in Google's favor. Through its Library Project and its Google Books project, acting without permission of rights holders, Google has made digital copies of tens of millions of books, including Plaintiffs', that were submitted to it for that purpose by major libraries. Google has scanned the digital copies and established a publicly available search function. An Internet user can use this function to search without charge to determine whether

the book contains a specified word or term and also see "snippets" of text containing the searched-for terms. In addition, Google has allowed the participating libraries to download and retain digital copies of the books they submit, under agreements which commit the libraries not to use their digital copies in violation of the copyright laws. These activities of Google are alleged to constitute infringement of Plaintiffs' copyrights. Plaintiffs sought injunctive and declaratory relief as well as damages.

Google defended on the ground that its actions constitute "fair use," which, under 17 U.S.C. § 107, is "not an infringement." The district court agreed. *Authors Guild, Inc. v. Google Inc.*, 954 F. Supp. 2d 282, 294 (S.D.N.Y. 2013). Plaintiffs brought this appeal.

Plaintiffs contend the district court's ruling was flawed in several respects. They argue: (1) Google's digital copying of entire books, allowing users through the snippet function to read portions, is not a "transformative use" within the meaning of *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-585 (1994), and provides a substitute for Plaintiffs' works; (2) notwithstanding that Google provides public access to the search and snippet functions without charge and without advertising, its ultimate commercial profit motivation and its derivation of revenue from its dominance of the world-wide Internet search market to which the books project contributes, preclude a finding of fair use; (3) even if Google's copying and revelations of text do not infringe plaintiffs' *books*, they infringe Plaintiffs' *derivative rights* in search functions, depriving Plaintiffs of revenues or other benefits they would gain from licensed search markets; (4) Google's storage of digital copies exposes Plaintiffs to the risk that hackers will make their books freely (or cheaply) available on the Internet, destroying the value of their copyrights; and

(5) Google's distribution of digital copies to participant libraries is not a transformative use, and it subjects Plaintiffs to the risk of loss of copyright revenues through access allowed by libraries. We reject these arguments and conclude that the district court correctly sustained Google's fair use defense.

Google's making of a digital copy to provide a search function is a transformative use, which augments public knowledge by making available information *about* Plaintiffs' books without providing the public with a substantial substitute for matter protected by the Plaintiffs' copyright interests in the original works or derivatives of them. The same is true, at least under present conditions, of Google's provision of the snippet function. Plaintiffs' contention that Google has usurped their opportunity to access paid and unpaid licensing markets for substantially the same functions that Google provides fails, in part because the licensing markets in fact involve very different functions than those that Google provides, and in part because an author's derivative rights do not include an exclusive right to supply information (of the sort provided by Google) about her works. Google's profit motivation does not in these circumstances justify denial of fair use. Google's program does not, at this time and on the record before us, expose Plaintiffs to an unreasonable risk of loss of copyright value through incursions of hackers. Finally, Google's provision of digital copies to participating libraries, authorizing them to make non-infringing uses, is non-infringing, and the mere speculative possibility that the libraries might allow use of their copies in an infringing manner does not make Google a contributory infringer. Plaintiffs have failed to show a material issue of fact in dispute.

We affirm the judgment.

BACKGROUND

I. Plaintiffs

The author-plaintiffs are Jim Bouton, author of *Ball Four*; Betty Miles, author of *The Trouble with Thirteen*; and Joseph Goulden, author of *The Superlawyers: The Small and Powerful World of the Great Washington Law Firms*. Each of them has a legal or beneficial ownership in the copyright for his or her book.[1] Their books have been scanned without their permission by Google, which made them available to Internet users for search and snippet view on Google's website.[2]

II. Google Books and the Google Library Project

Google's Library Project, which began in 2004, involves bi-lateral agreements between Google and a number of the world's major research libraries.[3] Under these agreements, the

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[1] The Authors Guild, a membership organization of published authors, is also a plaintiff and appellant, seeking injunctive and declaratory relief on behalf of its members. However, in a separate case, this court found that, under the Copyright Act, the Authors Guild lacks standing to sue for copyright infringement on its members' behalf. *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 94 (2d Cir. 2014). As the three individual author-plaintiffs clearly do have standing, their suit and their appeal are properly adjudicated, notwithstanding the Authors Guild's lack of standing. *See Bowsher v. Synar*, 478 U.S. 714, 721 (1986) (finding that where one appellee had standing, the court need not consider the standing of other appellees in order to determine the merits of the appeal).

[2] Google now honors requests to remove books from snippet view. Some Plaintiffs appear to have had books removed from snippet view.

[3] Libraries participating in the Library Project at the time the suit was filed included the University of Michigan, the University of California, Harvard University, Stanford University,

participating libraries select books from their collections to submit to Google for inclusion in the project. Google makes a digital scan of each book, extracts a machine-readable text, and creates an index of the machine-readable text of each book. Google retains the original scanned image of each book, in part so as to improve the accuracy of the machine-readable texts and indices as image-to-text conversion technologies improve.

Since 2004, Google has scanned, rendered machine-readable, and indexed more than 20 million books, including both copyrighted works and works in the public domain. The vast majority of the books are non-fiction, and most are out of print. All of the digital information created by Google in the process is stored on servers protected by the same security systems Google uses to shield its own confidential information.

The digital corpus created by the scanning of these millions of books enables the Google Books search engine. Members of the public who access the Google Books website can enter search words or terms of their own choice, receiving in response a list of all books in the database in which those terms appear, as well as the number of times the term appears in each book. A brief description of each book, entitled "About the Book," gives some rudimentary additional information, including a list of the words and terms that appear with most frequency in the book. It sometimes provides links to buy the book online and identifies libraries where the book can be

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Oxford University, Columbia University, Princeton University, Ghent University, Keio University, the Austrian National Library, and the New York Public Library.

found.[4] The search tool permits a researcher to identify those books, out of millions, that do, as well as those that do not, use the terms selected by the researcher. Google notes that this identifying information instantaneously supplied would otherwise not be obtainable in lifetimes of searching.

No advertising is displayed to a user of the search function. Nor does Google receive payment by reason of the searcher's use of Google's link to purchase the book.

The search engine also makes possible new forms of research, known as "text mining" and "data mining." Google's "ngrams" research tool draws on the Google Library Project corpus to furnish statistical information to Internet users about the frequency of word and phrase usage over centuries.[5] This tool permits users to discern fluctuations of interest in a particular subject over time and space by showing increases and decreases in the frequency of reference and usage in different periods and different linguistic regions. It also allows researchers to comb over the tens of millions of books Google has scanned in order to examine "word frequencies, syntactic patterns, and thematic markers" and to derive information on how nomenclature, linguistic usage, and literary style have changed over time. *Authors Guild, Inc.*, 954 F. Supp. 2d at 287. The district court gave as an example "track[ing] the frequency of references to the United States as a

[4] Appendix A exhibits, as an example, a web page that would be revealed to a searcher who entered the phase "fair use," showing snippets from ALAN LATMAN, ROBERT A. GORMAN, & JANE C. GINSBURG, COPYRIGHT FOR THE EIGHTIES (1985).

[5] Appendix B exhibits the ngram for the phrase "fair use."

single entity ('the United States is') versus references to the United States in the plural ('the United States are') and how that usage has changed over time." *Id.*[6]

The Google Books search function also allows the user a limited viewing of text. In addition to telling the number of times the word or term selected by the searcher appears in the book, the search function will display a maximum of three "snippets" containing it. A snippet is a horizontal segment comprising ordinarily an eighth of a page. Each page of a conventionally formatted book[7] in the Google Books database is divided into eight non-overlapping horizontal segments, each such horizontal segment being a snippet. (Thus, for such a book with 24 lines to a page, each snippet is comprised of three lines of text.) Each search for a particular word or term within a book will reveal the same three snippets, regardless of the number of computers from which the search is launched. Only the first usage of the term on a given page is displayed. Thus, if the top snippet of a page contains two (or more) words for which the user searches, and Google's

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[6] For discussions and examples of scholarship and journalism powered by searchable digital text repositories, see, e.g., David Bamman & David Smith, *Extracting Two Thousand Years of Latin from a Million Book Library*, J. COMPUTING & CULTURAL HERITAGE 5 (2012), 1-13; Jean-Baptiste Michel et al., *Quantitative Analysis of Culture Using Millions of Digitized Books*, SCIENCE 331 (Jan. 14, 2011), 176-182; Marc Egnal, *Evolution of the Novel in the United States: The Statistical Evidence*, 37 SOC. SCI. HIST. 231 (2013); Catherine Rampell, *The 'New Normal' Is Actually Pretty Old*, N.Y. TIMES ECONOMIX BLOG (Jan. 11, 2011), http://economix.blogs.nytimes.com/2011/01/11/the-new-normal-is-actually-pretty-old/?_r=0; and Christopher Forstall et al., *Modeling the Scholars: Detecting Intertextuality through Enhanced Word-Level N-Gram Matching*, DIGITAL SCHOLARSHIP IN THE HUMANITIES (May 15, 2014), http://dx.doi.org/10.1093/llc/fqu014.

[7] For unconventionally formatted books, the number of snippets per page may vary so as to approximate the same effect. The pages of a book of unusually tall, narrow format may be divided into more than eight horizontal snippets, while the pages of an unusually wide, short book may be divided into fewer than eight snippets.

program is fixed to reveal that particular snippet in response to a search for either term, the second search will duplicate the snippet already revealed by the first search, rather than moving to reveal a different snippet containing the word because the first snippet was already revealed. Google's program does not allow a searcher to increase the number of snippets revealed by repeated entry of the same search term or by entering searches from different computers. A searcher can view more than three snippets of a book by entering additional searches for different terms. However, Google makes permanently unavailable for snippet view one snippet on each page and one complete page out of every ten—a process Google calls "blacklisting."

Google also disables snippet view entirely for types of books for which a single snippet is likely to satisfy the searcher's present need for the book, such as dictionaries, cookbooks, and books of short poems. Finally, since 2005, Google will exclude any book altogether from snippet view at the request of the rights holder by the submission of an online form.

Under its contracts with the participating libraries, Google allows each library to download copies—of both the digital image and machine-readable versions—of the books that library submitted to Google for scanning (but not of books submitted by other libraries). This is done by giving each participating library access to the Google Return Interface ("GRIN"). The agreements between Google and the libraries, although not in all respects uniform, require the libraries to abide by copyright law in utilizing the digital copies they download and to take precautions to prevent dissemination of their digital copies to the public at large.[8] Through the

[8] For example, the "Cooperative Agreement" between Google and the University of Michigan ("U of M") provides, *inter alia*, that:

1 GRIN facility, participant libraries have downloaded at least 2.7 million digital copies of their own

2 volumes.

3

> Both Google and U of M agree and intend to perform this Agreement pursuant to copyright law. If at any time, either party becomes aware of copyright infringement under this agreement, that party shall inform the other as quickly as reasonably possible. . . . U of M shall have the right to use the U of M Digital Copy . . . as part of services offered on U of M's website. U of M shall implement technological measures (e.g., through use of the robots.txt protocol) to restrict automated access to any portion of the U of M Digital Copy or the portions of the U of M website on which any portion of the U of M Digital Copy is available. U of M shall also make reasonable efforts (including but not limited to restrictions placed in Terms of Use for the U of M website) to prevent third parties from (a) downloading or otherwise obtaining any portion of the U of M Digital Copy for commercial purposes, (b) redistributing any portions of the U of M Digital Copy, or (c) automated and systematic downloading from its website image files from the U of M Digital Copy. U of M shall restrict access to the U of M Digital Copy to those persons having a need to access such materials and shall also cooperate in good faith with Google to mutually develop methods and systems for ensuring that the substantial portions of the U of M Digital Copy are not downloaded from the services offered on U of M's website or otherwise disseminated to the public at large.

JA 233.

Google's agreement with Stanford appears to be less restrictive on Stanford than its agreements with other libraries. It ostensibly permits Stanford's libraries to "provide access to or copies from the Stanford Digital Copy" to a wide range of users, including individuals authorized to access the Stanford University Network, individuals affiliated with "partner research libraries," and "education, research, government institutions and libraries not affiliated with Stanford," CA 133, and to permit authorized individuals to download or print up to ten percent of Stanford Digital Copy. On the other hand, the agreement requires Stanford to employ its digital copies in conformity with the copyright law. Without evidence to the contrary, which Plaintiffs have not provided, it seems reasonable to construe these potentially conflicting provisions as meaning that Stanford may do the enumerated things ostensibly permitted only to the extent that doing so would be in conformity with the copyright law.

III. Procedural History

Plaintiffs brought this suit on September 20, 2005, as a putative class action on behalf of similarly situated, rights-owning authors.[9] After several years of negotiation, the parties reached a proposed settlement that would have resolved the claims on a class-wide basis. The proposed settlement allowed Google to make substantially more extensive use of its scans of copyrighted books than contemplated under the present judgment, and provided that Google would make payments to the rights holders in return. On March 22, 2011, however, the district court rejected the proposed settlement as unfair to the class members who relied on the named plaintiffs to represent their interests. *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666, 679-680 (S.D.N.Y. 2011).

On October 14, 2011, Plaintiffs filed a fourth amended class action complaint, which is the operative complaint for this appeal. *See* Dist. Ct. Docket No. 985. The district court certified a class on May 31, 2012. *Authors Guild v. Google Inc.*, 282 F.R.D. 384 (S.D.N.Y. 2012). Google appealed from the certification, and moved in the district court for summary judgment on its fair use defense. Plaintiffs cross-moved in the district court for summary judgment. On the appeal from the class certification, our court—questioning whether it was reasonable to infer that the putative class of authors favored the relief sought by the named plaintiffs—provisionally vacated that class certification without addressing the merits of the issue, concluding instead that "resolution of Google's fair use defense in the first instance will necessarily inform and perhaps

[9] A year earlier, authors brought suit against the HathiTrust Digital Library, alleging facts that are closely related, although not identical, to those alleged in the instant case. *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 91 (2d Cir. 2014).

moot our analysis of many class certification issues." *Authors Guild, Inc. v. Google Inc.*, 721 F.3d 132, 134 (2d Cir. 2013).

On November 14, 2013, the district court granted Google's motion for summary judgment, concluding that the uses made by Google of copyrighted books were fair uses, protected by § 107. *Authors Guild*, 954 F. Supp. 2d at 284. Upon consideration of the four statutory factors of § 107, the district court found that Google's uses were transformative, that its display of copyrighted material was properly limited, and that the Google Books program did not impermissibly serve as a market substitute for the original works. *Id.* at 290. The court entered judgment initially on November 27, 2013, followed by an amended judgment on December 10, 2013, dismissing Plaintiffs' claims with prejudice. Plaintiffs filed timely notice of appeal.

DISCUSSION[10]

I. The Law of Fair Use

The ultimate goal of copyright is to expand public knowledge and understanding, which copyright seeks to achieve by giving potential creators exclusive control over copying of their works, thus giving them a financial incentive to create informative, intellectually enriching works for public consumption. This objective is clearly reflected in the Constitution's empowerment of Congress "*To promote the Progress of Science* . . . by securing for limited

[10] The district court had subject-matter jurisdiction over this federal copyright action pursuant to 28 U.S.C. §§ 1331 and 1338(a). This court has jurisdiction over the appeal from the final decision of the district court pursuant to 28 U.S.C. § 1291. We review an order granting summary judgment *de novo*, drawing all reasonable factual inferences in favor of the non-moving party. *Ment Bros. Iron Works Co., Inc. v. Interstate Fire & Cas. Co.*, 702 F.3d 118, 120–21 (2d Cir. 2012).

Times to Authors . . . the exclusive Right to their respective Writings." U.S. Const., Art. I, § 8, cl. 8) (emphasis added).[11] Thus, while authors are undoubtedly important intended beneficiaries of copyright, the ultimate, primary intended beneficiary is the public, whose access to knowledge copyright seeks to advance by providing rewards for authorship.

For nearly three hundred years, since shortly after the birth of copyright in England in 1710,[12] courts have recognized that, in certain circumstances, giving authors *absolute* control over all copying from their works would tend in some circumstances to limit, rather than expand, public knowledge. In the words of Lord Ellenborough, "[W]hile I shall think myself bound to secure every man in the enjoyment of his copy-right, one must not put manacles upon science." *Cary v. Kearsley*, 170 Eng. Rep. 679, 681, 4 Esp. 168, 170 (1802). Courts thus developed the doctrine, eventually named fair use, which permits unauthorized copying in some circumstances, so as to further "copyright's very purpose, '[t]o promote the Progress of Science and useful Arts.'" *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994) (quoting U.S. Const., Art. I, § 8, cl. 8). Although well established in the common law development of copyright, fair use was not recognized in the terms of our statute until the adoption of § 107 in the Copyright Act of 1976. 17 U.S.C. §§ 101 *et seq.*

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[11] A similar message is reflected in England's original copyright enactment, "An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors," which explains as its purpose "the Encouragement of Learned Men to Compose and Write useful Books." Statute of Anne [1710].

[12] *Id.*

Section 107, in its present form,[13] provides:

> [T]he fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> (2) the nature of the copyrighted work;
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
> (4) the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

17 U.S.C. § 107. As the Supreme Court has designated fair use an affirmative defense, *see Campbell*, 510 U.S. at 590, the party asserting fair use bears the burden of proof, *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 918 (2d Cir. 1994).

The statute's wording, derived from a brief observation of Justice Joseph Story in *Folsom v. Marsh*,[14] does not furnish standards for recognition of fair use. Its instruction to consider the "purpose and character" of the secondary use and the "nature" of the copyrighted work does not explain what types of "purpose and character" or "nature" favor a finding of fair use and which do not. In fact, as the Supreme Court observed in *Campbell*, the House Report makes clear that, in

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[13] The last sentence was added in 1992, rejecting this court's assertion in *Salinger v. Random House, Inc.* that unpublished works "normally enjoy insulation from fair use copying." 811 F.2d 90, 95 (2d Cir. 1987). *See* Pub. L. 102–492, Oct. 24, 1992, 106 Stat. 3145.

[14] 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) ("[W]e must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.").

passing the statute, Congress had no intention of normatively dictating fair use policy. The purpose of the enactment was to give recognition in the statute itself to such an important part of copyright law developed by the courts through the common law process. "Congress meant § 107 'to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it an any way,' and intended that courts continue the common-law tradition of fair use adjudication." *Campbell*, 510 U.S. at 577 (quoting H.R. Rep. No. 94-1476, at 66 (1976), S. Rep. No. 94-473, at 62 (1975), U.S. Code Cong. & Admin. News 5659, 5679 (1976)). Furthermore, notwithstanding fair use's long common-law history, not until the *Campbell* ruling in 1994 did courts undertake to explain the standards for finding fair use.

The *Campbell* Court undertook a comprehensive analysis of fair use's requirements, discussing every segment of § 107. Beginning with the examples of purposes set forth in the statute's preamble, the Court made clear that they are "illustrative and not limitative" and "provide only general guidance about the sorts of copying that courts and Congress most commonly ha[ve] found to be fair uses." 510 U.S. at 577-578 (internal quotations and citations omitted). The statute "calls for case-by-case analysis" and "is not to be simplified with bright-line rules." *Id.* at 577. Section 107's four factors are not to "be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright." *Id.* at 578. Each factor thus stands as part of a multifaceted assessment of the crucial question: how to define the boundary limit of the original author's exclusive rights in order to best serve the overall objectives of the copyright law to expand public learning while protecting the incentives of authors to create for the public good.

At the same time, the Supreme Court has made clear that some of the statute's four listed factors are more significant than others. The Court observed in *Harper & Row Publishers, Inc. v. Nation Enterprises* that the fourth factor, which assesses the harm the secondary use can cause to the market for, or the value of, the copyright for the original, "is undoubtedly the single most important element of fair use." 471 U.S. 539, 566 (1985) (citing MELVILLE B. NIMMER, 3 NIMMER ON COPYRIGHT § 13.05[A], at 13–76 (1984)). This is consistent with the fact that the copyright is a commercial right, intended to protect the ability of authors to profit from the exclusive right to merchandise their own work.

In *Campbell*, the Court stressed also the importance of the first factor, the "purpose and character of the secondary use." 17 U.S.C. § 107(1). The more the appropriator is using the copied material for new, transformative purposes, the more it serves copyright's goal of enriching public knowledge and the less likely it is that the appropriation will serve as a substitute for the original or its plausible derivatives, shrinking the protected market opportunities of the copyrighted work. 510 U.S. at 591 (noting that, when the secondary use is transformative, "market substitution is at least less certain, and market harm may not be so readily inferred.").

With this background, we proceed to discuss each of the statutory factors, as illuminated by *Campbell* and subsequent case law, in relation to the issues here in dispute.

II. The Search and Snippet View Functions

A. Factor One

(1) Transformative purpose. Campbell's explanation of the first factor's inquiry into the "purpose and character" of the secondary use focuses on whether the new work, "in Justice Story's

words, . . . merely 'supersede[s] the objects' of the original creation, . . . or instead adds something new, with a further purpose . . . . [I]t asks, in other words, whether and to what extent the new work is 'transformative.'" 510 U.S. at 578-579 (citations omitted). While recognizing that a transformative use is "not absolutely necessary for a finding of fair use," the opinion further explains that the "goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works" and that "[s]uch works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright." *Id.* at 579. In other words, transformative uses tend to favor a fair use finding because a transformative use is one that communicates something new and different from the original or expands its utility, thus serving copyright's overall objective of contributing to public knowledge.

The word "transformative" cannot be taken too literally as a sufficient key to understanding the elements of fair use. It is rather a suggestive symbol for a complex thought, and does not mean that any and all changes made to an author's original text will necessarily support a finding of fair use. The Supreme Court's discussion in *Campbell* gave important guidance on assessing when a transformative use tends to support a conclusion of fair use. The defendant in that case defended on the ground that its work was a parody of the original and that parody is a time-honored category of fair use. Explaining why parody makes a stronger, or in any event more obvious, claim of fair use than satire, the Court stated,

> [T]he heart of any parodist's claim to quote from existing material . . . is the use of . . . a prior author's composition to . . .*comment[] on that author's works*. . . . If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish). . . . Parody needs to mimic an original

> to make its point, and so has some claim to use the creation of its victim's . . . imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.

Id. at 580-81 (emphasis added). In other words, the would-be fair user of another's work must have justification for the taking. A secondary author is not necessarily at liberty to make wholesale takings of the original author's expression merely because of how well the original author's expression would convey the secondary author's different message. Among the best recognized justifications for copying from another's work is to provide comment on it or criticism of it. A taking from another author's work for the purpose of making points that have no bearing on the original may well be fair use, but the taker would need to show a justification. This part of the Supreme Court's discussion is significant in assessing Google's claim of fair use because, as discussed extensively below, Google's claim of transformative purpose for copying from the works of others is to provide otherwise unavailable information about the originals.

A further complication that can result from oversimplified reliance on whether the copying involves transformation is that the word "transform" also plays a role in defining "derivative works," over which the original rights holder retains exclusive control. Section 106 of the Act specifies the "exclusive right[]" of the copyright owner "(2) to prepare derivative works based upon the copyrighted work." *See* 17 U.S.C. § 106. The statute defines derivative works largely by example, rather than explanation. The examples include "translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation," to which list the statute adds "any other form in which a work may

1 be . . . *transformed*." 17 U.S.C. § 101 (emphasis added).[15] As we noted in *Authors Guild, Inc. v.*
2 *HathiTrust*, "[p]aradigmatic examples of derivative works include the translation of a novel into
3 another language, the adaptation of a novel into a movie or play, or the recasting of a novel as an
4 e-book or an audiobook." 755 F.3d 87, 95 (2d Cir. 2014). While such changes can be described as
5 transformations, they do not involve the kind of transformative purpose that favors a fair use
6 finding. The statutory definition suggests that derivative works generally involve transformations
7 in the nature of *changes of form*. 17 U.S.C. § 101. By contrast, copying from an original for the
8 purpose of criticism or commentary on the original[16] or provision of information about it,[17]

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[15] The full text of the statutory definition is as follows: "A 'derivative work' is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a 'derivative work.'" 17 U.S.C. § 101.

[16] *See, e.g.*, *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1269-1271 (11th Cir. 2001) (copying from original to support parodic criticism of original's moral code justified as transformative fair use purpose).

[17] *See, e.g.*, *HathiTrust*, 755 F.3d at 97-98 (justifying as transformative fair use purpose the digital copying of original for purpose of permitting searchers to determine whether its text employs particular words); *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 638-640 (4th Cir. 2009) (justifying as transformative fair use purpose the complete digital copying of a manuscript to determine whether the original included matter plagiarized from other works); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (justifying as transformative fair use purpose the use of a digital, thumbnail copy of the original to provide an Internet pathway to the original); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-819 (9th Cir. 2003) (same); *Bond v. Blum*, 317 F.3d 385 (4th Cir. 2003) (justifying as fair use purpose the copying of author's original unpublished autobiographical manuscript for the purpose of showing that he murdered his father and was an unfit custodian of his children); *Nuñez v. Carribean Int'l News Corp.*, 235 F.3d 18, 21-23 (1st Cir. 2000) (justifying as transformative fair

1 tends most clearly to satisfy *Campbell*'s notion of the "transformative" purpose involved in the

2 analysis of Factor One.[18]

3 With these considerations in mind, we first consider whether Google's search and snippet

4 views functions satisfy the first fair use factor with respect to Plaintiffs' rights in their books.

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use purpose a newspaper's copying of a photo of winner of beauty pageant in a revealing pose for the purpose of informing the public of the reason the winner's title was withdrawn).

[18] The Seventh Circuit takes the position that the kind of secondary use that favors satisfaction of the fair use test is better described as a "complementary" use, referring to how a hammer and nail complement one another in that together they achieve results that neither can accomplish on its own. *Ty, Inc. v Publ'ns Int'l, Ltd.*, 292 F.3d 512, 517–518 (7th Cir. 2002); *see also Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014), *cert. denied*, 135 S. Ct. 1555 (2015); WILLIAM M. LANDES & RICHARD A. POSNER, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 153–154 (2003). We do not find the term "complementary" particularly helpful in explaining fair use. The term would encompass changes of form that are generally understood to produce derivative works, rather than fair uses, and, at the same time, would fail to encompass copying for purposes that are generally and properly viewed as creating fair uses. When a novel is converted into film, for example, the original novel and the film ideally complement one another in that each contributes to achieving results that neither can accomplish on its own. The invention of the original author combines with the cinematographic interpretive skills of the filmmaker to produce something that neither could have produced independently. Nonetheless, at least when the intention of the film is to make a "motion picture version" of the novel, 17 U.S.C. § 101, without undertaking to parody it or to comment on it, the film is generally understood to be a derivative work, which under § 106, falls within the exclusive rights of the copyright owner. Although they complement one another, the film is not a fair use. At the same time, when a secondary work quotes an original for the purpose of parodying it, or discrediting it by exposing its inaccuracies, illogic, or dishonesty, such an undertaking is not within the exclusive prerogatives of the rights holder; it produces a fair use. Yet, when the purpose of the second is essentially to destroy the first, the two are not comfortably described as complementaries that combine to produce together something that neither could have produced independently of the other. We recognize, as just noted above, that the word "transformative," if interpreted too broadly, can also seem to authorize copying that should fall within the scope of an author's derivative rights. Attempts to find a circumspect shorthand for a complex concept are best understood as suggestive of a general direction, rather than as definitive descriptions.

(The question whether these functions might infringe upon Plaintiffs' derivative rights is discussed in the next Part.)

(2) Search Function. We have no difficulty concluding that Google's making of a digital copy of Plaintiffs' books for the purpose of enabling a search for identification of books containing a term of interest to the searcher involves a highly transformative purpose, in the sense intended by *Campbell*. Our court's exemplary discussion in *HathiTrust* informs our ruling. That case involved a dispute that is closely related, although not identical, to this one. Authors brought claims of copyright infringement against HathiTrust, an entity formed by libraries participating in the Google Library Project to pool the digital copies of their books created for them by Google. The suit challenged various usages HathiTrust made of the digital copies. Among the challenged uses was HathiTrust's offer to its patrons of "full-text searches," which, very much like the search offered by Google Books to Internet users, permitted patrons of the libraries to locate in which of the digitized books specific words or phrases appeared. 755 F.3d at 98. (HathiTrust's search facility did not include the snippet view function, or any other display of text.) We concluded that both the making of the digital copies and the use of those copies to offer the search tool were fair uses. *Id.* at 105.

Notwithstanding that the libraries had downloaded and stored complete digital copies of entire books, we noted that such copying was essential to permit searchers to identify and locate the books in which words or phrases of interest to them appeared. *Id.* at 97. We concluded "that the creation of a full-text searchable database is a quintessentially transformative use . . . [as] the result of a word search is different in purpose, character, expression, meaning, and message from

the page (and the book) from which it is drawn." *Id.* We cited *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 639-40 (4th Cir. 2009), *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007), and *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir. 2003) as examples of cases in which courts had similarly found the creation of complete digital copies of copyrighted works to be transformative fair uses when the copies "served a different function from the original." *HathiTrust*, 755 F.3d at 97.

As with *HathiTrust* (and *iParadigms*), the purpose of Google's copying of the original copyrighted books is to make available significant information *about those books*, permitting a searcher to identify those that contain a word or term of interest, as well as those that do not include reference to it. In addition, through the ngrams tool, Google allows readers to learn the frequency of usage of selected words in the aggregate corpus of published books in different historical periods. We have no doubt that the purpose of this copying is the sort of transformative purpose described in *Campbell* as strongly favoring satisfaction of the first factor.

We recognize that our case differs from *HathiTrust* in two potentially significant respects. First, HathiTrust did not "display to the user any text from the underlying copyrighted work," 755 F.3d at 91, whereas Google Books provides the searcher with snippets containing the word that is the subject of the search. Second, HathiTrust was a nonprofit educational entity, while Google is a profit-motivated commercial corporation. We discuss those differences below.

(3) Snippet View. Plaintiffs correctly point out that this case is significantly different from *HathiTrust* in that the Google Books search function allows searchers to read snippets from the book searched, whereas HathiTrust did not allow searchers to view any part of the book.

Snippet view adds important value to the basic transformative search function, which tells only whether and how often the searched term appears in the book. Merely knowing that a term of interest appears in a book does not necessarily tell the searcher whether she needs to obtain the book, because it does not reveal whether the term is discussed in a manner or context falling within the scope of the searcher's interest. For example, a searcher seeking books that explore Einstein's theories, who finds that a particular book includes 39 usages of "Einstein," will nonetheless conclude she can skip that book if the snippets reveal that the book speaks of "Einstein" because that is the name of the author's cat. In contrast, the snippet will tell the searcher that this is a book she needs to obtain if the snippet shows that the author is engaging with Einstein's theories.

Google's division of the page into tiny snippets is designed to show the searcher just enough context surrounding the searched term to help her evaluate whether the book falls within the scope of her interest (without revealing so much as to threaten the author's copyright interests). Snippet view thus adds importantly to the highly transformative purpose of identifying books of interest to the searcher. With respect to the first factor test, it favors a finding of fair use (unless the value of its transformative purpose is overcome by its providing text in a manner that offers a competing substitute for Plaintiffs' books, which we discuss under factors three and four below).

(4) Google's Commercial Motivation. Plaintiffs also contend that Google's commercial motivation weighs in their favor under the first factor. Google's commercial motivation distinguishes this case from *HathiTrust*, as the defendant in that case was a non-profit entity

founded by, and acting as the representative of, libraries. Although Google has no revenues flowing directly from its operation of the Google Books functions, Plaintiffs stress that Google is profit-motivated and seeks to use its dominance of book search to fortify its overall dominance of the Internet search market, and that thereby Google indirectly reaps profits from the Google Books functions.

For these arguments Plaintiffs rely primarily on two sources. First is Congress's specification in spelling out the first fair use factor in the text of § 107 that consideration of the "purpose and character of the [secondary] use" should "include[e] whether such use is of a commercial nature or is for nonprofit educational purposes." Second is the Supreme Court's assertion in dictum in *Sony Corporation of America v. Universal City Studios, Inc*, that "every commercial use of copyrighted material is presumptively . . . unfair." 464 U.S. 417, 451 (1984). If that were the extent of precedential authority on the relevance of commercial motivation, Plaintiffs' arguments would muster impressive support. However, while the commercial motivation of the secondary use can undoubtedly weigh against a finding of fair use in some circumstances, the Supreme Court, our court, and others have eventually recognized that the *Sony* dictum was enormously overstated.[19]

[19] *Campbell*, 510 U.S. at 583–84; *Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013) *cert. denied*, 134 S. Ct. 618 (2013); *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 141-42 (2d Cir. 1998); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir. 2003); *see also Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1172 (9th Cir. 2012) (noting that *Campbell* "debunked the notion that *Sony* called for a 'hard evidentiary presumption' that commercial use is presumptively unfair.")

The Sixth Circuit took the *Sony* dictum at its word in *Acuff-Rose Music, Inc. v. Campbell*, concluding that, because the defendant rap music group's spoof of the plaintiff's ballad was done for profit, it could not be fair use. 972 F.2d 1429, 1436-1437 (6th Cir. 1992). The Supreme Court reversed on this very point, observing that "Congress could not have intended" such a broad presumption against commercial fair uses, as "nearly all of the illustrative uses listed in the preamble paragraph of § 107 . . . are generally conducted for profit in this country." *Campbell*, 510 U.S. at 584 (internal quotation marks and citations omitted). The Court emphasized Congress's statement in the House Report to the effect that the commercial or nonprofit character of a work is "not conclusive" but merely "a fact to be 'weighed along with other[s] in fair use decisions." *Id.* at 585 (quoting H.R. Rep. No. 94-1476, at 66 (1976)). In explaining the first fair use factor, the Court clarified that "the more transformative the [secondary] work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use." *Id.* at 579.

Our court has since repeatedly rejected the contention that commercial motivation should outweigh a convincing transformative purpose and absence of significant substitutive competition with the original. *See Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013), *cert. denied*, 134 S. Ct. 618 (2013) ("The commercial/nonprofit dichotomy concerns the unfairness that arises when a secondary user makes unauthorized use of copyrighted material to capture significant revenues as a direct consequence of copying the original work. This factor must be applied with caution because, as the Supreme Court has recognized, Congress could not have intended a rule that commercial uses are presumptively unfair. Instead, the more transformative

the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.") (internal quotation marks, citations, and alterations omitted); *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 141-42 (2d Cir. 1998) ("We . . . do not give much weight to the fact that the secondary use was for commercial gain. The more critical inquiry under the first factor and in fair use analysis generally is whether the allegedly infringing work merely supersedes the original work or instead adds something new, with a further purpose or different character, altering the first with new meaning or message, in other words whether and to what extent the new work is transformative.") (internal quotation marks, citations, and alterations omitted).

While we recognize that in some circumstances, a commercial motivation on the part of the secondary user will weigh against her, especially, as the Supreme Court suggested, when a persuasive transformative purpose is lacking, *Campbell*, 510 U.S. at 579, we see no reason in this case why Google's overall profit motivation should prevail as a reason for denying fair use over its highly convincing transformative purpose, together with the absence of significant substitutive competition, as reasons for granting fair use. Many of the most universally accepted forms of fair use, such as news reporting and commentary, quotation in historical or analytic books, reviews of books, and performances, as well as parody, are all normally done commercially for profit.[20]

[20] Just as there is no reason for presuming that a commercial use is not a fair use, which would defeat the most widely accepted and logically justified areas of fair use, there is likewise no reason to presume categorically that a nonprofit educational purpose should qualify as a fair use. Authors who write for educational purposes, and publishers who invest substantial funds to

B. Factor Two

The second fair use factor directs consideration of the "nature of the copyrighted work." While the "transformative purpose" inquiry discussed above is conventionally treated as a part of first factor analysis, it inevitably involves the second factor as well. One cannot assess whether the copying work has an objective that differs from the original without considering both works, and their respective objectives.

The second factor has rarely played a significant role in the determination of a fair use dispute. *See* WILLIAM F. PATRY, PATRY ON FAIR USE § 4.1 (2015). The Supreme Court in *Harper & Row* made a passing observation in dictum that, "[t]he law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy." 471 U.S. 539, 563 (1985). Courts have sometimes speculated that this might mean that a finding of fair use is more favored when the copying is of factual works than when copying is from works of fiction. However, while the copyright does not protect facts or ideas set forth in a work, it does protect that author's manner of expressing those facts and ideas. At least unless a persuasive fair use justification is involved, authors of factual works, like authors of fiction, should be entitled to copyright protection of their protected expression. The mere fact that the original is a factual work therefore should not imply that others may freely copy it. Those who report the news undoubtedly create factual works. It

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publish educational materials, would lose the ability to earn revenues if users were permitted to copy the materials freely merely because such copying was in the service of a nonprofit educational mission. The publication of educational materials would be substantially curtailed if such publications could be freely copied for nonprofit educational purposes.

cannot seriously be argued that, for that reason, others may freely copy and re-disseminate news reports.[21]

In considering the second factor in *HathiTrust*, we concluded that it was "not dispositive," 755 F.3d at 98, commenting that courts have hardly ever found that the second factor in isolation played a large role in explaining a fair use decision. The same is true here. While each of the three Plaintiffs' books in this case is factual, we do not consider that as a boost to Google's claim of fair use. If one (or all) of the plaintiff works were fiction, we do not think that would change in any way our appraisal. Nothing in this case influences us one way or the other with respect to the second factor considered in isolation. To the extent that the "nature" of the original copyrighted work necessarily combines with the "purpose and character" of the secondary work to permit assessment of whether the secondary work uses the original in a "transformative" manner, as the term is used in *Campbell*, the second factor favors fair use not because Plaintiffs' works are factual, but because the secondary use transformatively provides valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original.

[21] We think it unlikely that the Supreme Court meant in its concise dictum that secondary authors are at liberty to copy extensively from the protected expression of the original author merely because the material is factual. What the *Harper & Row* dictum may well have meant is that, because in the case of factual writings, there is often occasion to test the accuracy of, to rely on, or to repeat their factual propositions, and such testing and reliance may reasonably require quotation (lest a change of expression unwittingly alter the facts), factual works often present well justified fair uses, even if the mere fact that the work is factual does not necessarily justify copying of its protected expression.

C. Factor Three

The third statutory factor instructs us to consider "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." The clear implication of the third factor is that a finding of fair use is more likely when small amounts, or less important passages, are copied than when the copying is extensive, or encompasses the most important parts of the original.[22] The obvious reason for this lies in the relationship between the third and the fourth factors. The larger the amount, or the more important the part, of the original that is copied, the greater the likelihood that the secondary work might serve as an effectively competing substitute for the original, and might therefore diminish the original rights holder's sales and profits.

(1) Search Function. The Google Books program has made a digital copy of the entirety of each of Plaintiffs' books. Notwithstanding the reasonable implication of Factor Three that fair use is more likely to be favored by the copying of smaller, rather than larger, portions of the original, courts have rejected any categorical rule that a copying of the entirety cannot be a fair use.[23] Complete unchanged copying has repeatedly been found justified as fair use when the copying was reasonably appropriate to achieve the copier's transformative purpose and was done in such a

[22] *See Harper & Row*, 471 U.S. at 564-565 (rejecting fair use defense for copying of only about 300 words, where the portion copied was deemed "the heart of the book").

[23] Some copyright scholars have argued this position. *See, e.g.*, Paul Goldstein, *Copyright's Commons*, 29 COLUM. J.L. & ARTS 1, 5-6 (2005).

manner that it did not offer a competing substitute for the original.[24] The Supreme Court said in *Campbell* that "the extent of permissible copying varies with the purpose and character of the use" and characterized the relevant questions as whether "the amount and substantiality of the portion used . . . are reasonable in relation to the purpose of the copying," *Campbell*, 510 U.S. at 586-587, noting that the answer to that question will be affected by "the degree to which the [copying work] may serve as a market substitute for the original or potentially licensed derivatives," *id.* at 587-588 (finding that, in the case of a parodic song, "how much . . . is reasonable will depend, say, on the extent to which the song's overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original").

In *HathiTrust*, our court concluded in its discussion of the third factor that "[b]ecause it was reasonably necessary for the [HathiTrust Digital Library] to make use of the entirety of the works in order to enable the full-text search function, we do not believe the copying was excessive." 755 F.3d at 98. As with *HathiTrust*, not only is the copying of the totality of the original reasonably appropriate to Google's transformative purpose, it is literally necessary to achieve that purpose. If Google copied less than the totality of the originals, its search function could not advise searchers reliably whether their searched term appears in a book (or how many times).

While Google *makes* an unauthorized digital copy of the entire book, it does not reveal that digital copy to the public. The copy is made to enable the search functions to reveal limited,

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[24] *See* cases cited *supra* note 17; *see also Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2d Cir. 2006) ("[C]opying the entirety of a work is sometimes necessary to make a fair use of the [work].").

important information about the books. With respect to the search function, Google satisfies the third factor test, as illuminated by the Supreme Court in *Campbell*.

(2) Snippet View. Google's provision of snippet view makes our third factor inquiry different from that inquiry in *HathiTrust*. What matters in such cases is not so much "the amount and substantiality of the portion used" *in making a copy*, but rather the amount and substantiality of *what is thereby made accessible* to a public for which it may serve as a competing substitute. In *HathiTrust*, notwithstanding the defendant's full-text copying, the search function revealed virtually nothing of the text of the originals to the public. Here, through the snippet view, more is revealed to searchers than in *HathiTrust*.

Without doubt, enabling searchers to see portions of the copied texts could have determinative effect on the fair use analysis. The larger the quantity of the copyrighted text the searcher can see and the more control the searcher can exercise over what part of the text she sees, the greater the likelihood that those revelations could serve her as an effective, free substitute for the purchase of the plaintiff's book. We nonetheless conclude that, at least as presently structured by Google, the snippet view does not reveal matter that offers the marketplace a significantly competing substitute for the copyrighted work.

Google has constructed the snippet feature in a manner that substantially protects against its serving as an effectively competing substitute for Plaintiffs' books. In the Background section of this opinion, we describe a variety of limitations Google imposes on the snippet function. These include the small size of the snippets (normally one eighth of a page), the blacklisting of one snippet per page and of one page in every ten, the fact that no more than three snippets are

shown—and no more than one per page—for each term searched, and the fact that the same snippets are shown for a searched term no matter how many times, or from how many different computers, the term is searched. In addition, Google does not provide snippet view for types of books, such as dictionaries and cookbooks, for which viewing a small segment is likely to satisfy the searcher's need. The result of these restrictions is, so far as the record demonstrates, that a searcher cannot succeed, even after long extended effort to multiply what can be revealed, in revealing through a snippet search what could usefully serve as a competing substitute for the original.

The blacklisting, which permanently blocks about 22% of a book's text from snippet view, is by no means the most important of the obstacles Google has designed. While it is true that the blacklisting of 22% leaves 78% of a book *theoretically* accessible to a searcher, it does not follow that any large part of that 78% is in fact accessible. The other restrictions built into the program work together to ensure that, even after protracted effort over a substantial period of time, only small and randomly scattered portions of a book will be accessible. In an effort to show what large portions of text searchers can read through persistently augmented snippet searches, Plaintiffs' counsel employed researchers over a period of weeks to do multiple word searches on Plaintiffs' books. In no case were they able to access as much as 16% of the text, and the snippets collected were usually not sequential but scattered randomly throughout the book. Because Google's snippets are arbitrarily and uniformly divided by lines of text, and not by complete sentences, paragraphs, or any measure dictated by content, a searcher would have great difficulty constructing a search so as to provide any extensive information about the book's use

of that term. As snippet view never reveals more than one snippet per page in response to repeated searches for the same term, it is at least difficult, and often impossible, for a searcher to gain access to more than a single snippet's worth of an extended, continuous discussion of the term.

The fact that Plaintiffs' searchers managed to reveal nearly 16% of the text of Plaintiffs' books overstates the degree to which snippet view can provide a meaningful substitute. At least as important as the percentage of words of a book that are revealed is the manner and order in which they are revealed. Even if the search function revealed 100% of the words of the copyrighted book, this would be of little substitutive value if the words were revealed in alphabetical order, or any order other than the order they follow in the original book. It cannot be said that a revelation is "substantial" in the sense intended by the statute's third factor if the revelation is in a form that communicates little of the sense of the original. The fragmentary and scattered nature of the snippets revealed, even after a determined, assiduous, time-consuming search, results in a revelation that is not "substantial," even if it includes an aggregate 16% of the text of the book. If snippet view could be used to reveal a coherent block amounting to 16% of a book, that would raise a very different question beyond the scope of our inquiry.

D. Factor Four

The fourth fair use factor, "the effect of the [copying] use upon the potential market for or value of the copyrighted work," focuses on whether the copy brings to the marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the

copy in preference to the original. Because copyright is a commercial doctrine whose objective is to stimulate creativity among potential authors by enabling them to earn money from their creations, the fourth factor is of great importance in making a fair use assessment. *See Harper & Row*, 471 U.S. at 566 (describing the fourth factor as "undoubtedly the single most important element of fair use").

Campbell stressed the close linkage between the first and fourth factors, in that the more the copying is done to achieve a purpose that differs from the purpose of the original, the less likely it is that the copy will serve as a satisfactory substitute for the original. 510 U.S. at 591. Consistent with that observation, the *HathiTrust* court found that the fourth factor favored the defendant and supported a finding of fair use because the ability to search the text of the book to determine whether it includes selected words "does not serve as a substitute for the books that are being searched." 755 F.3d at 100.

However, *Campbell*'s observation as to the likelihood of a secondary use serving as an effective substitute goes only so far. Even if the *purpose* of the copying is for a valuably transformative purpose, such copying might nonetheless harm the value of the copyrighted original if done in a manner that results in widespread revelation of sufficiently significant portions of the original as to make available a significantly competing substitute. The question for us is whether snippet view, notwithstanding its transformative purpose, does that. We conclude that, at least as snippet view is presently constructed, it does not.

Especially in view of the fact that the normal purchase price of a book is relatively low in relation to the cost of manpower needed to secure an arbitrary assortment of randomly scattered

snippets, we conclude that the snippet function does not give searchers access to effectively competing substitutes. Snippet view, at best and after a large commitment of manpower, produces discontinuous, tiny fragments, amounting in the aggregate to no more than 16% of a book. This does not threaten the rights holders with any significant harm to the value of their copyrights or diminish their harvest of copyright revenue.

We recognize that the snippet function can cause *some* loss of sales. There are surely instances in which a searcher's need for access to a text will be satisfied by the snippet view, resulting in either the loss of a sale to that searcher, or reduction of demand on libraries for that title, which might have resulted in libraries purchasing additional copies. But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original. There must be a meaningful or significant effect "upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107(4).

Furthermore, the type of loss of sale envisioned above will generally occur in relation to interests that are not protected by the copyright. A snippet's capacity to satisfy a searcher's need for access to a copyrighted book will at times be because the snippet conveys a historical fact that the searcher needs to ascertain. For example, a student writing a paper on Franklin D. Roosevelt might need to learn the year Roosevelt was stricken with polio. By entering "Roosevelt polio" in a Google Books search, the student would be taken to (among numerous sites) a snippet from page 31 of Richard Thayer Goldberg's *The Making of Franklin D. Roosevelt* (1981), telling that the polio attack occurred in 1921. This would satisfy the searcher's

need for the book, eliminating any need to purchase it or acquire it from a library. But what the searcher derived from the snippet was a historical fact. Author Goldberg's copyright does not extend to the facts communicated by his book. It protects only the author's manner of expression. *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 974 (2d Cir. 1980) ("A grant of copyright in a published work secures for its author a limited monopoly over the *expression* it contains.") (emphasis added). Google would be entitled, without infringement of Goldberg's copyright, to answer the student's query about the year Roosevelt was afflicted, taking the information from Goldberg's book. The fact that, in the case of the student's snippet search, the information came embedded in three lines of Goldberg's writing, which were superfluous to the searcher's needs, would not change the taking of an unprotected fact into a copyright infringement.

Even if the snippet reveals some authorial expression, because of the brevity of a single snippet and the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view, we think it would be a rare case in which the searcher's interest *in the protected aspect* of the author's work would be satisfied by what is available from snippet view, and rarer still—because of the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view—that snippet view could provide a significant substitute for the purchase of the author's book.

Accordingly, considering the four fair use factors in light of the goals of copyright, we conclude that Google's making of a complete digital copy of Plaintiffs' works for the purpose of

providing the public with its search and snippet view functions (at least as snippet view is presently designed) is a fair use and does not infringe Plaintiffs' copyrights in their books.

III. Derivative Rights in Search and Snippet View

Plaintiffs next contend that, under Section 106(2), they have a derivative right in the application of search and snippet view functions to their works, and that Google has usurped their exclusive market for such derivatives.

There is no merit to this argument. As explained above, Google does not infringe Plaintiffs' copyright in their works by making digital copies of them, where the copies are used to enable the public to get information about the works, such as whether, and how often they use specified words or terms (together with peripheral snippets of text, sufficient to show the context in which the word is used but too small to provide a meaningful substitute for the work's copyrighted expression). The copyright resulting from the Plaintiffs' authorship of their works does not include an exclusive right to furnish the kind of information about the works that Google's programs provide to the public. For substantially the same reasons, the copyright that protects Plaintiffs' works does not include an exclusive derivative right to supply such information through query of a digitized copy.

The extension of copyright protection beyond the copying of the work in its original form to cover also the copying of a derivative reflects a clear and logical policy choice. An author's right to control and profit from the dissemination of her work ought not to be evaded by conversion of the work into a different form. The author of a book written in English should be entitled to control also the dissemination of the same book translated into other languages, or a conversion of the

book into a film. The copyright of a composer of a symphony or song should cover also conversions of the piece into scores for different instrumentation, as well as into recordings of performances.

This policy is reflected in the statutory definition, which explains the scope of the "derivative" largely by examples—including "a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, [or] condensation"—before adding, "or any other form in which a work may be recast, transformed, or adapted." 17 U.S.C. § 101.[25] As noted above, this definition, while imprecise, strongly implies that derivative works over which the author of the original enjoys exclusive rights ordinarily are those that re-present the protected aspects of the original work, *i.e.*, its expressive content, converted into an altered form, such as the conversion of a novel into a film, the translation of a writing into a different language, the reproduction of a painting in the form of a poster or post card, recreation of a cartoon character in the form of a three-dimensional plush toy, adaptation of a musical composition for different instruments, or other similar conversions. If Plaintiffs' claim were based on Google's converting their books into a digitized form and making that digitized version accessible to the public, their claim would be strong. But as noted above, Google safeguards from public view the digitized copies it makes and allows access only to the extent of permitting the public to search for the very limited information accessible through the search function and snippet view. The program does not allow access in any substantial way to a book's expressive content. Nothing in the statutory definition of a derivative work, or of the

[25] The complete text is set forth at footnote 15, *supra*.

logic that underlies it, suggests that the author of an original work enjoys an exclusive derivative right to supply information about that work of the sort communicated by Google's search functions.

Plaintiffs seek to support their derivative claim by a showing that there exist, or would have existed, paid licensing markets in digitized works, such as those provided by the Copyright Clearance Center or the previous, revenue-generating version of the Google Partners Program. Plaintiffs also point to the proposed settlement agreement rejected by the district court in this case, according to which Google would have paid authors for its use of digitized copies of their works. The existence or potential existence of such paid licensing schemes does not support Plaintiffs' derivative argument. The access to the expressive content of the original that is or would have been provided by the paid licensing arrangements Plaintiffs cite is far more extensive than that which Google's search and snippet view functions provide. Those arrangements allow or would have allowed public users to read substantial portions of the book. Such access would most likely constitute copyright infringement if not licensed by the rights holders. Accordingly, such arrangements have no bearing on Google's present programs, which, in a non-infringing manner, allow the public to obtain limited data about the contents of the book, without allowing any substantial reading of its text.

Plaintiffs also seek to support their derivative claim by a showing that there is a current *unpaid* market in licenses for partial viewing of digitized books, such as the licenses that publishers currently grant to the Google Partners program and Amazon's Search Inside the Book program to display substantial portions of their books. Plaintiffs rely on *Infinity Broadcast*

Corporation v. Kirkwood, 150 F.3d 104 (2nd Cir. 1998) and *United States v. American Society of Composers, Authors and Publishers (ASCAP)*, 599 F. Supp. 2d 415 (S.D.N.Y. 2009) for the proposition that "a secondary use that replaces a comparable service licensed by the copyright holder, even without charge, may cause market harm." Pls.' Br. at 51. In the cases cited, however, the purpose of the challenged secondary uses was not the dissemination of information *about* the original works, which falls outside the protection of the copyright, but was rather the re-transmission, or re-dissemination, of their expressive content. Those precedents do not support the proposition Plaintiffs assert—namely that the availability of licenses for providing unprotected information about a copyrighted work, or supplying unprotected services related to it, gives the copyright holder the right to exclude others from providing such information or services.

While the telephone ringtones at issue in the *ASCAP* case Plaintiffs cite are superficially comparable to Google's snippets in that both consist of brief segments of the copyrighted work, in a more significant way they are fundamentally different. While it is true that Google's snippets display a fragment of expressive content, the fragments it displays result from the appearance of the term selected by the searcher in an otherwise arbitrarily selected snippet of text. Unlike the reading experience that the Google Partners program or the Amazon Search Inside the Book program provides, the snippet function does not provide searchers with any meaningful experience of the expressive content of the book. Its purpose is not to communicate copyrighted expression, but rather, by revealing to the searcher a tiny segment surrounding the searched term, to give some minimal contextual information to help the searcher learn whether the book's use of

that term will be of interest to her. The segments taken from copyrighted music as ringtones, in contrast, are selected precisely because they play the most famous, beloved passages of the particular piece—the expressive content that members of the public want to hear when their phone rings. The value of the ringtone to the purchaser is not that it provides information but that it provides a mini-performance of the most appealing segment of the author's expressive content. There is no reason to think the courts in the cited cases would have come to the same conclusion if the service being provided by the secondary user had been simply to identify to a subscriber in what key a selected composition was written, the year it was written, or the name of the composer. These cases, and the existence of unpaid licensing schemes for substantial viewing of digitized works, do not support Plaintiffs' derivative works argument.

IV. Plaintiffs' Exposure to Risks of Hacking of Google's Files

Plaintiffs argue that Google's storage of its digitized copies of Plaintiffs' books exposes them to the risk that hackers might gain access and make the books widely available, thus destroying the value of their copyrights. Unlike the Plaintiffs' argument just considered based on a supposed derivative right to supply information about their books, this claim has a reasonable theoretical basis. If, in the course of making an arguable fair use of a copyrighted work, a secondary user unreasonably exposed the rights holder to destruction of the value of the copyright resulting from the public's opportunity to employ the secondary use as a substitute for purchase of the original (even though this was not the intent of the secondary user), this might well furnish a substantial rebuttal to the secondary user's claim of fair use. For this reason, the *Arriba Soft* and *Perfect 10* courts, in upholding the secondary user's claim of fair use, observed that thumbnail

images, which transformatively provided an Internet pathway to the original images, were of sufficiently low resolution that they were not usable as effective substitutes for the originals. *Arriba Soft*, 336 F.3d 811 at 819; *Perfect 10*, 508 F.3d at 1165.

While Plaintiffs' claim is theoretically sound, it is not supported by the evidence. In *HathiTrust*, we faced substantially the same exposure-to-piracy argument. The record in *HathiTrust*, however, "document[ed] the extensive security measures [the secondary user] ha[d] undertaken to safeguard against the risk of a data breach," evidence which was unrebutted. 755 F.3d at 100. The *HathiTrust* court thus found "no basis . . . on which to conclude that a security breach is likely to occur, much less one that would result in the public release of the specific copyrighted works belonging to any of the plaintiffs in this case." *Id.* at 100-101 (citing *Clapper v. Amnesty Int'l USA*, 133 S.Ct. 1138, 1143 (2013) (finding that risk of future harm must be "certainly impending," rather than merely "conjectural" or "hypothetical," to constitute a cognizable injury-in-fact), and *Sony Corp.*, 464 U.S. at 453–454 (concluding that time-shifting using a Betamax is fair use because the copyright owners' "prediction that live television or movie audiences will decrease" was merely "speculative")).

Google has documented that Google Books' digital scans are stored on computers walled off from public Internet access and protected by the same impressive security measures used by Google to guard its own confidential information. As Google notes, Plaintiffs' own security expert praised these security systems, remarking that "Google is fortunate to have ample resources and top-notch technical talents" that enable it to protect its data. JA 1558, 1570. Nor have Plaintiffs identified any thefts from Google Books (or from the Google Library Project).

Plaintiffs seek to rebut this record by quoting from Google's July 2012 SEC filing, in which the company made legally required disclosure of its potential market risks.[26] Google's prudent acknowledgment that "security breaches could expose [it] to a risk of loss . . . due to the actions of outside parties, employee error, malfeasance, or otherwise," however, falls far short of rebutting Google's demonstration of the effective measures it takes to guard against piratical hacking. Google has made a sufficient showing of protection of its digitized copies of Plaintiffs' works to carry its burden on this aspect of its claim of fair use and thus to shift to Plaintiffs the burden of rebutting Google's showing. Plaintiffs' effort to do so falls far short.

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[26] The filing includes the following disclosure:

> Our products and services involve the storage and transmission of users' and customers' proprietary information, and security breaches could expose us to a risk of loss of this information, litigation, and potential liability. Our security measures may be breached due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data or our users' or customers' data. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information in order to gain access to our data or our users' or customers' data. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and a loss of confidence in the security of our products and services that could potentially have an adverse effect on our business. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users and customers.

JA 562.

V. Google's Distribution of Digital Copies to Participant Libraries

Finally, Plaintiffs contend that Google's distribution to a participating library of a digital copy of Plaintiffs' books is not a fair use and exposes the Plaintiffs to risks of loss if the library uses its digital copy in an infringing manner, or if the library fails to maintain security over its digital copy with the consequence that the book may become freely available as a result of the incursions of hackers. The claim fails.

Although Plaintiffs describe the arrangement between Google and the libraries in more nefarious terms, those arrangements are essentially that each participant library has contracted with Google that Google will create for it a digital copy of each book the library submits to Google, so as to permit the library to use its digital copy in a non-infringing fair use manner. The libraries propose to use their digital copies to enable the very kinds of searches that we here hold to be fair uses in connection with Google's offer of such searches to the Internet public, and which we held in *HathiTrust* to be fair uses when offered by HathiTrust to its users. The contract between Google and each of the participating libraries commits the library to use its digital copy only in a manner consistent with the copyright law, and to take precautions to prevent dissemination of their digital copies to the public at large.

In these circumstances, Google's creation for each library of a digital copy of that library's already owned book in order to permit that library to make fair use through provision of digital searches is not an infringement. If the library had created its own digital copy to enable its provision of fair use digital searches, the making of the digital copy would not have been infringement. Nor does it become an infringement because, instead of making its own digital

copy, the library contracted with Google that Google would use its expertise and resources to make the digital conversion for the library's benefit.

We recognize the possibility that libraries may use the digital copies Google created for them in an infringing manner. If they do, such libraries may be liable to Plaintiffs for their infringement. It is also possible that, in such a suit, Plaintiffs might adduce evidence that Google was aware of or encouraged such infringing practices, in which case Google could be liable as a contributory infringer. But on the present record, the possibility that libraries may misuse their digital copies is sheer speculation. Nor is there any basis on the present record to hold Google liable as a contributory infringer based on the mere speculative possibility that libraries, in addition to, or instead of, using their digital copies of Plaintiffs' books in a non-infringing manner, may use them in an infringing manner.

We recognize the additional possibility that the libraries might incur liability by negligent mishandling of, and failure to protect, their digital copies, leaving them unreasonably vulnerable to hacking. That also, however, is nothing more than a speculative possibility. There is no basis in the record to impose liability on Google for having lawfully made a digital copy for a participating library so as to enable that library to make non-infringing use of its copy, merely because of the speculative possibility that the library may fail to guard sufficiently against the dangers of hacking, as it is contractually obligated to do. Plaintiffs have failed to establish any

basis for holding Google liable for its creation of a digital copy of a book submitted to it by a participating library so as to enable that library to make fair use of it.[27]

In sum, we conclude that: (1) Google's unauthorized digitizing of copyright-protected works, creation of a search functionality, and display of snippets from those works are non-infringing fair uses. The purpose of the copying is highly transformative, the public display of text is limited, and the revelations do not provide a significant market substitute for the protected aspects of the originals. Google's commercial nature and profit motivation do not justify denial of fair use. (2) Google's provision of digitized copies to the libraries that supplied the books, on the understanding that the libraries will use the copies in a manner consistent with the copyright law, also does not constitute infringement. Nor, on this record, is Google a contributory infringer.

CONCLUSION

The judgment of the district court is **AFFIRMED**.

[27] We have considered Plaintiffs' other contentions not directly addressed in this opinion and find them without merit.

APPENDIX A

Books

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Books-A-Million
IndieBound

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Copyright for the eighties: cases and materials

Alan Latman, Robert A. Gorman, Jane C. Ginsburg
Michie Co., 1985 - Law - 624 pages
0 Reviews
G+1 0

From inside the book

fair use | Search

72 pages matching **gorman ginsburg fair use** in this book

Page 437

1950), stated that such activity could not be considered a fair use. Moreover, the court assigned the "apparent lack of independent research" as an additional reason for refusing to honor defendant's fair use claim. With this conclusion we disagree as a matter of law.

In *Toksvig v. Bruce Publishing Co.*, supra, the Seventh Circuit affirmed the grant of an injunction, in favor of an author who had written a careful biography of Hans Christian Andersen based on exhaustive research into Danish sources

Page 452

452 RIGHTS, LIMITATIONS AND REMEDIES

standards for applying the fair use defense in parody cases, like the standards

Page 456

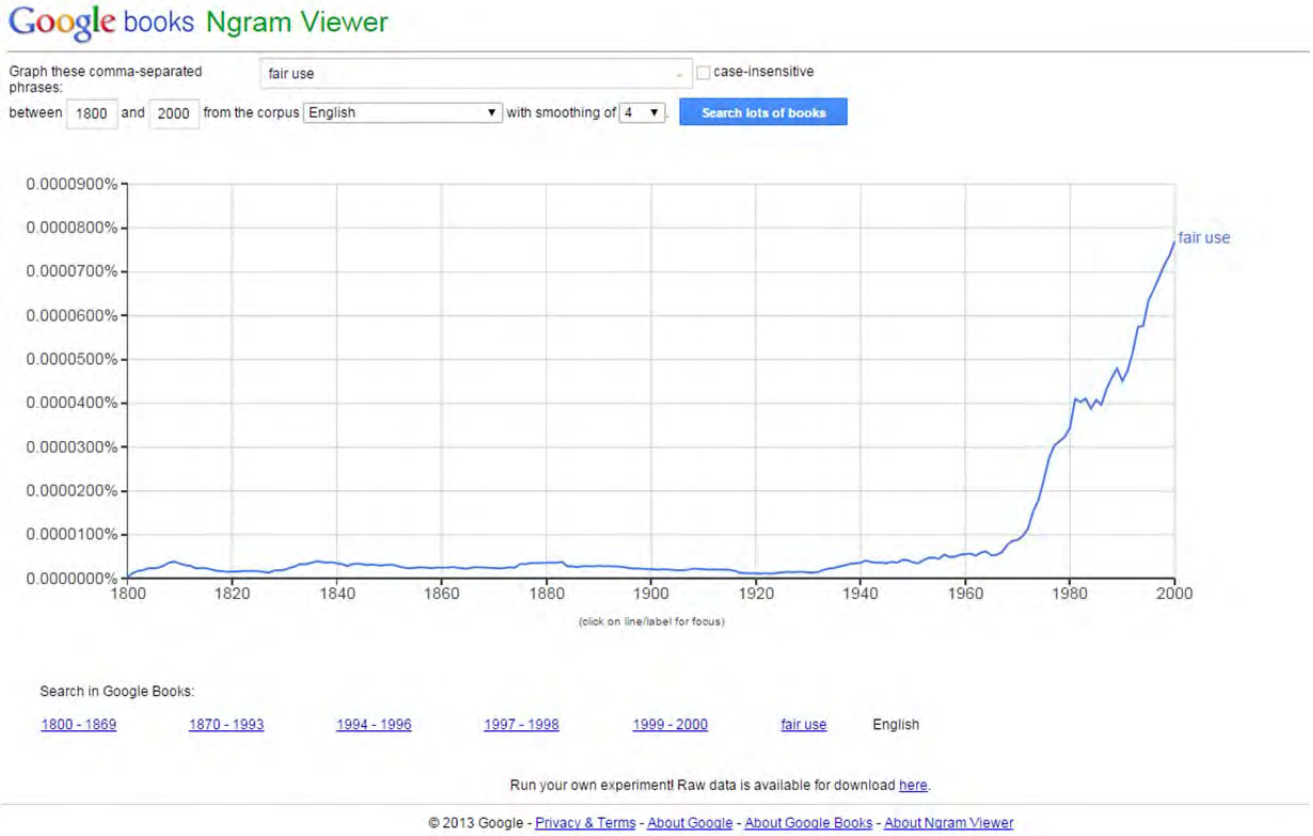
456 RIGHTS, LIMITATIONS AND REMEDIES

a finding of fair use," and that "all four factors [in § 107] must be considered

Where's the rest of this book?

Results 1-3 of 72

APPENDIX B


Google books Ngram Viewer
Graph these comma-separated phrases:
fair use
case-insensitive
between 1800 and 2000 from the corpus English with smoothing of 4
Search lots of books
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0.0000700%
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1940
1960
1980
2000
fair use
(click on line/label for focus)
Search in Google Books:
1800 - 1869
1870 - 1993
1994 - 1996
1997 - 1998
1999 - 2000
fair use
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Run your own experiment! Raw data is available for download here.
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537 U.S. 186 (2003)

ELDRED ET AL.
v.
ASHCROFT, ATTORNEY GENERAL

No. 01-618.

Supreme Court of United States.

Argued October 9, 2002.
Decided January 15, 2003.
CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT.

191 *187 *188 *189 *190 *191 GINSBURG, J., delivered the opinion of the Court, in which REHNQUIST, C. J., and O'CONNOR, SCALIA, KENNEDY, SOUTER, and THOMAS, JJ., joined. STEVENS, J., *post,* p. 222, and BREYER, J., *post,* p. 242, filed dissenting opinions.

Lawrence Lessig argued the cause for petitioners. With him on the briefs were *Kathleen M. Sullivan, Alan B. Morrison, Edward Lee, Charles Fried, Geoffrey S. Stewart, Donald B. Ayer, Robert P. Ducatman, Daniel H. Bromberg, Charles R. Nesson,* and *Jonathan L. Zittrain.*

Solicitor General Olson argued the cause for respondent. With him on the brief were *Assistant Attorney General McCallum, Deputy Solicitor General Wallace, Jeffrey A. Lamken, William Kanter,* and *John S. Koppel.*[*]

192 *192 JUSTICE GINSBURG delivered the opinion of the Court.

This case concerns the authority the Constitution assigns to Congress to prescribe the duration of copyrights. The Copyright
193 and Patent Clause of the Constitution, Art. I, § 8, cl. 8, provides as to copyrights: "Congress shall have *193 Power ... [t]o promote the Progress of Science ... by securing [to Authors] for limited Times ... the exclusive Right to their . . . Writings." In 1998, in the measure here under inspection, Congress enlarged the duration of copyrights by 20 years. Copyright Term Extension Act (CTEA), Pub. L. 105-298, §§ 102(b) and (d), 112 Stat. 2827-2828 (amending 17 U.S.C. §§ 302, 304). As in the case of prior extensions, principally in 1831, 1909, and 1976, Congress provided for application of the enlarged terms to existing and future copyrights alike.

Petitioners are individuals and businesses whose products or services build on copyrighted works that have gone into the public domain. They seek a determination that the CTEA fails constitutional review under both the Copyright Clause's "limited Times" prescription and the First Amendment's free speech guarantee. Under the 1976 Copyright Act, copyright protection generally lasted from the work's creation until 50 years after the author's death. Pub. L. 94-553, § 302(a), 90 Stat. 2572 (1976 Act). Under the CTEA, most copyrights now run from creation until 70 years after the author's death. 17 U.S.C. § 302(a). Petitioners do not challenge the "life-plus-70-years" timespan itself. "Whether 50 years is enough, or 70 years too much," they acknowledge, "is not a judgment meet for this Court." Brief for Petitioners 14.[1] Congress went awry, petitioners maintain, not with respect to newly created works, but in enlarging the term for published works with existing copyrights. The "limited Tim[e]" in effect when a copyright is secured, petitioners urge, becomes the constitutional boundary, a clear line beyond the power of Congress to extend. See *ibid.* As to the First Amendment, petitioners contend that the CTEA is a content-neutral regulation of speech that
194 fails inspection *194 under the heightened judicial scrutiny appropriate for such regulations.

In accord with the District Court and the Court of Appeals, we reject petitioners' challenges to the CTEA. In that 1998 legislation, as in all previous copyright term extensions, Congress placed existing and future copyrights in parity. In prescribing that alignment, we hold, Congress acted within its authority and did not transgress constitutional limitations.

I

A

We evaluate petitioners' challenge to the constitutionality of the CTEA against the backdrop of Congress' previous exercises of its authority under the Copyright Clause. The Nation's first copyright statute, enacted in 1790, provided a federal copyright term of 14 years from the date of publication, renewable for an additional 14 years if the author survived the first term. Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124 (1790 Act). The 1790 Act's renewable 14-year term applied to existing works (*i. e.,* works already published and works created but not yet published) and future works alike. *Ibid.* Congress expanded the federal copyright term to 42 years in 1831 (28 years from publication, renewable for an additional 14 years), and to 56 years in 1909 (28 years from publication, renewable for an additional 28 years). Act of Feb. 3, 1831, ch. 16, §§ 1, 16, 4 Stat. 436, 439 (1831 Act); Act of Mar. 4, 1909, ch. 320, §§ 23-24, 35 Stat. 1080-1081 (1909 Act). Both times, Congress applied the new copyright term to existing and future works, 1831 Act §§ 1, 16; 1909 Act §§ 23-24; to qualify for the 1831 extension, an existing work had to be in its initial copyright term at the time the Act became effective, 1831 Act §§ 1, 16.

195 In 1976, Congress altered the method for computing federal copyright terms. 1976 Act §§ 302-304. For works created *195 by identified natural persons, the 1976 Act provided that federal copyright protection would run from the work's creation, not—as in the 1790, 1831, and 1909 Acts—its publication; protection would last until 50 years after the author's death. § 302(a). In these respects, the 1976 Act aligned United States copyright terms with the then-dominant international standard adopted under the Berne Convention for the Protection of Literary and Artistic Works. See H. R. Rep. No. 94-1476, p. 135 (1976). For anonymous works, pseudonymous works, and works made for hire, the 1976 Act provided a term of 75 years from publication or 100 years from creation, whichever expired first. § 302(c).

These new copyright terms, the 1976 Act instructed, governed all works not published by its effective date of January 1, 1978, regardless of when the works were created. §§ 302-303. For published works with existing copyrights as of that date, the 1976 Act granted a copyright term of 75 years from the date of publication, §§ 304(a) and (b), a 19-year increase over the 56-year term applicable under the 1909 Act.

The measure at issue here, the CTEA, installed the fourth major duration extension of federal copyrights.[2] Retaining the general structure of the 1976 Act, the CTEA enlarges the terms of all existing and future copyrights by 20 years. For works
196 created by identified natural persons, the term now lasts from creation until 70 years after the author's *196 death. 17 U.S.C. § 302(a). This standard harmonizes the baseline United States copyright term with the term adopted by the European Union in 1993. See Council Directive 93/98/EEC of 29 October 1993 Harmonizing the Term of Protection of Copyright and Certain Related Rights, 1993 Official J. Eur. Coms. (L 290), p. 9 (EU Council Directive 93/98). For anonymous works, pseudonymous works, and works made for hire, the term is 95 years from publication or 120 years from creation, whichever expires first. 17 U.S.C. § 302(c).

Paralleling the 1976 Act, the CTEA applies these new terms to all works not published by January 1, 1978. §§ 302(a), 303(a). For works published before 1978 with existing copyrights as of the CTEA's effective date, the CTEA extends the term to 95 years from publication. §§ 304(a) and (b). Thus, in common with the 1831, 1909, and 1976 Acts, the CTEA's new terms apply to both future and existing copyrights.[3]

B

Petitioners' suit challenges the CTEA's constitutionality under both the Copyright Clause and the First Amendment. On cross-motions for judgment on the pleadings, the District Court entered judgment for the Attorney General (respondent here). 74 F. Supp.2d 1 (DC 1999). The court held that the CTEA does not violate the "limited Times" restriction of the Copyright Clause
197 because the CTEA's terms, though *197 longer than the 1976 Act's terms, are still limited, not perpetual, and therefore fit within Congress' discretion. *Id.,* at 3. The court also held that "there are no First Amendment rights to use the copyrighted works of others." *Ibid.*

The Court of Appeals for the District of Columbia Circuit affirmed. 239 F.3d 372 (2001). In that court's unanimous view, *Harper & Row, Publishers, Inc.* v. *Nation Enterprises,* 471 U.S. 539 (1985), foreclosed petitioners' First Amendment challenge to the CTEA. 239 F.3d, at 375. Copyright, the court reasoned, does not impermissibly restrict free speech, for it grants the author an exclusive right only to the specific form of expression; it does not shield any idea or fact contained in the copyrighted work, and it allows for "fair use" even of the expression itself. *Id.,* at 375-376.

A majority of the Court of Appeals also upheld the CTEA against petitioners' contention that the measure exceeds Congress'

power under the Copyright Clause. Specifically, the court rejected petitioners' plea for interpretation of the "limited Times" prescription not discretely but with a view to the "preambular statement of purpose" contained in the Copyright Clause: "To promote the Progress of Science." *Id.,* at 377-378. Circuit precedent, *Schnapper* v. *Foley,* 667 F.2d 102 (CADC 1981), the court determined, precluded that plea. In this regard, the court took into account petitioners' acknowledgment that the preamble itself places no substantive limit on Congress' legislative power. 239 F.3d, at 378.

The appeals court found nothing in the constitutional text or its history to suggest that "a term of years for a copyright is not a `limited Time' if it may later be extended for another `limited Time.'" *Id.,* at 379. The court recounted that "the First Congress made the Copyright Act of 1790 applicable to subsisting copyrights arising under the copyright laws of the several states." *Ibid.* That construction of Congress' authority under the Copyright Clause "by [those] contemporary with [the Constitution's]
198 formation," the court said, merited *198 "very great" and in this case "almost conclusive" weight. *Ibid.* (quoting *Burrow-Giles Lithographic Co.* v. *Sarony,* 111 U.S. 53, 57 (1884)). As early as *McClurg* v. *Kingsland,* 1 How. 202 (1843), the Court of Appeals added, this Court had made it "plain" that the same Clause permits Congress to "amplify the terms of an existing patent." 239 F.3d, at 380. The appeals court recognized that this Court has been similarly deferential to the judgment of Congress in the realm of copyright. *Ibid.* (citing *Sony Corp. of America* v. *Universal City Studios, Inc.,* 464 U.S. 417 (1984); *Stewart* v. *Abend,* 495 U.S. 207 (1990)).

Concerning petitioners' assertion that Congress might evade the limitation on its authority by stringing together "an unlimited number of `limited Times,'" the Court of Appeals stated that such legislative misbehavior "clearly is not the situation before us." 239 F.3d, at 379. Rather, the court noted, the CTEA "matches" the baseline term for "United States copyrights [with] the terms of copyrights granted by the European Union." *Ibid.* "[I]n an era of multinational publishers and instantaneous electronic transmission," the court said, "harmonization in this regard has obvious practical benefits" and is "a `necessary and proper' measure to meet contemporary circumstances rather than a step on the way to making copyrights perpetual." *Ibid.*

Judge Sentelle dissented in part. He concluded that Congress lacks power under the Copyright Clause to expand the copyright terms of existing works. *Id.,* at 380-384. The Court of Appeals subsequently denied rehearing and rehearing en banc. 255 F.3d 849 (2001).

We granted certiorari to address two questions: whether the CTEA's extension of existing copyrights exceeds Congress' power under the Copyright Clause; and whether the CTEA's extension of existing and future copyrights violates the First Amendment. 534 U.S. 1126 and 1160 (2002). We now answer those two questions in the negative and affirm.

199 *199 **II**

A

We address first the determination of the courts below that Congress has authority under the Copyright Clause to extend the terms of existing copyrights. Text, history, and precedent, we conclude, confirm that the Copyright Clause empowers Congress to prescribe "limited Times" for copyright protection and to secure the same level and duration of protection for all copyright holders, present and future.

The CTEA's baseline term of life plus 70 years, petitioners concede, qualifies as a "limited Tim[e]" as applied to future copyrights.[4] Petitioners contend, however, that existing copyrights extended to endure for that same term are not "limited." Petitioners' argument essentially reads into the text of the Copyright Clause the command that a time prescription, once set, becomes forever "fixed" or "inalterable." The word "limited," however, does not convey a meaning so constricted. At the time of the Framing, that word meant what it means today: "confine[d] within certain bounds," "restrain[ed]," or "circumscribe[d]." S. Johnson, A Dictionary of the English Language (7th ed. 1785); see T. Sheridan, A Complete Dictionary of the English Language (6th ed. 1796) ("confine[d] within certain bounds"); Webster's Third New International Dictionary 1312 (1976) ("confined within limits"; "restricted in extent, number, or duration"). Thus understood, a timespan appropriately "limited" as applied to future copyrights does not automatically cease to be "limited" when applied to existing copyrights. And as we observe, *infra,* at
200 209-210, there is no cause to suspect that a *200 purpose to evade the "limited Times" prescription prompted Congress to adopt the CTEA.

201 To comprehend the scope of Congress' power under the Copyright Clause, "a page of history is worth a volume of logic." *New*

York Trust Co. v. *Eisner,* 256 U.S. 345, 349 (1921) (Holmes, J.). History reveals an unbroken congressional practice of granting to authors of works with existing copyrights the benefit of term extensions so that all under copyright protection will be governed evenhandedly under the same regime. As earlier recounted, see *supra,* at 194, the First Congress accorded the protections of the Nation's first federal copyright statute to existing and future works alike. 1790 Act § 1.[5] Since then, Congress has regularly applied *201 duration extensions to both existing and future copyrights. 1831 Act §§ 1, 16; 1909 Act §§ 23-24; 1976 Act §§ 302-303; 17 U.S.C. §§ 302-304.[6]

Because the Clause empowering Congress to confer copyrights also authorizes patents, congressional practice with respect to patents informs our inquiry. We count it significant that early Congresses extended the duration of numerous individual patents as well as copyrights. See, *e. g.,* Act of Jan. 7, 1808, ch. 6, 6 Stat. 70 (patent); Act of Mar. 3, 1809, ch. 35, 6 Stat. 80 (patent); Act of Feb. 7, 1815, ch. 36, 6 Stat. 147 (patent); Act of May 24, 1828, ch. 145, 6 Stat. 389 (copyright); Act of Feb. 11, 1830, ch.
202 13, 6 Stat. 403 (copyright); *202 see generally Ochoa, Patent and Copyright Term Extension and the Constitution: A Historical Perspective, 49 J. Copyright Soc. 19 (2001). The courts saw no "limited Times" impediment to such extensions; renewed or extended terms were upheld in the early days, for example, by Chief Justice Marshall and Justice Story sitting as circuit justices. See *Evans* v. *Jordan,* 8 F. Cas. 872, 874 (No. 4,564) (CC Va. 1813) (Marshall, J.) ("Th[e] construction of the constitution which admits the renewal of a patent, is not controverted. A renewed patent ... confers the same rights, with an original."), aff'd, 9 Cranch 199 (1815); *Blanchard* v. *Sprague,* 3 F. Cas. 648, 650 (No. 1,518) (CC Mass. 1839) (Story, J.) ("I never have entertained any doubt of the constitutional authority of congress" to enact a 14-year patent extension that "operates retrospectively"); see also *Evans* v. *Robinson,* 8 F. Cas. 886, 888 (No. 4,571) (CC Md. 1813) (Congresses "have the exclusive right ... to limit the times for which a patent right shall be granted, and are not restrained from renewing a patent or prolonging" it.).[7]

Further, although prior to the instant case this Court did not have occasion to decide whether extending the duration of existing copyrights complies with the "limited Times" prescription, the Court has found no constitutional barrier to the legislative
203 expansion of existing patents.[8] *McClurg* v. *203 *Kingsland,* 1 How. 202 (1843), is the pathsetting precedent. The patentee in that case was unprotected under the law in force when the patent issued because he had allowed his employer briefly to practice the invention before he obtained the patent. Only upon enactment, two years later, of an exemption for such allowances did the patent become valid, retroactive to the time it issued. *McClurg* upheld retroactive application of the new law. The Court explained that the legal regime governing a particular patent "depend[s] on the law as it stood at the emanation of the patent, together with such changes as have been since made; for though they may be retrospective in their operation, that is
204 not a sound objection to their validity." *Id.,* at 206.[9] Neither is it a sound *204 objection to the validity of a copyright term extension, enacted pursuant to the same constitutional grant of authority, that the enlarged term covers existing copyrights.

Congress' consistent historical practice of applying newly enacted copyright terms to future and existing copyrights reflects a judgment stated concisely by Representative Huntington at the time of the 1831 Act: "[J]ustice, policy, and equity alike forb[id]" that an "author who had sold his [work] a week ago, be placed in a worse situation than the author who should sell his work the day after the passing of [the] act." 7 Cong. Deb. 424 (1831); accord, Symposium, The Constitutionality of Copyright Term Extension, 18 Cardozo Arts & Ent. L. J. 651, 694 (2000) (Prof. Miller) ("[S]ince 1790, it has indeed been Congress's policy that the author of yesterday's work should not get a lesser reward than the author of tomorrow's work just because Congress passed a statute lengthening the term today."). The CTEA follows this historical practice by keeping the duration provisions of the 1976 Act largely in place and simply adding 20 years to each of them. Guided by text, history, and precedent, we cannot agree with petitioners' submission that extending the duration of existing copyrights is categorically beyond Congress' authority under the Copyright Clause.

Satisfied that the CTEA complies with the "limited Times" prescription, we turn now to whether it is a rational exercise of the
205 legislative authority conferred by the Copyright Clause. On that point, we defer substantially to Congress. *205 *Sony,* 464 U.S., at 429 ("[I]t is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors ... in order to give the public appropriate access to their work product.").[10]

206 The CTEA reflects judgments of a kind Congress typically makes, judgments we cannot dismiss as outside the Legislature's domain. As respondent describes, see Brief for Respondent 37-38, a key factor in the CTEA's passage was a 1993 European Union (EU) directive instructing EU members to establish a copyright term of life plus 70 years. EU Council Directive 93/98, Art. 1(1), p. 11; see 144 Cong. Rec. S12377-S12378 (daily ed. Oct. 12, 1998) (statement of Sen. Hatch). Consistent with the Berne Convention, the EU directed its members to deny this longer term to the works of any non-EU country whose laws did not

secure the same extended term. See Berne Conv. Art. 7(8); P. Goldstein, International Copyright § 5.3, p. 239 (2001). By extending the baseline United States copyright term to life plus 70 years, Congress sought to ensure that American authors would receive *206 the same copyright protection in Europe as their European counterparts.[11] The CTEA may also provide greater incentive for American and other authors to create and disseminate their work in the United States. See Perlmutter, Participation in the International Copyright System as a Means to Promote the Progress of Science and Useful Arts, 36 Loyola (LA) L. Rev. 323, 330 (2002) ("[M]atching th[e] level of [copyright] protection in the United States [to that in the EU] can ensure stronger protection for U.S. works abroad and avoid competitive disadvantages vis-à-vis foreign rightholders."); see also *id.,* at 332 (the United States could not "play a leadership role" in the give-and-take evolution of the international copyright system, indeed it would "lose all flexibility," "if the only way to promote the progress of science were to provide incentives to create new works").[12]

207 In addition to international concerns,[13] Congress passed the CTEA in light of demographic, economic, and technological *207 changes, Brief for Respondent 25-26, 33, and nn. 23 and 24,[14] and rationally credited projections that longer terms would encourage copyright holders to invest in the restoration and public distribution of their works, *id.,* at 34-37; see H. R. Rep. No. 105-452, p. 4 (1998) (term extension "provide[s] copyright owners generally with the incentive to restore older works and further disseminate them to the public").[15]

208 *208 In sum, we find that the CTEA is a rational enactment; we are not at liberty to second-guess congressional determinations and policy judgments of this order, however debatable or arguably unwise they may be. Accordingly, we cannot conclude that the CTEA — which continues the unbroken congressional practice of treating future and existing copyrights in parity for term extension purposes — is an impermissible exercise of Congress' power under the Copyright Clause.

B

Petitioners' Copyright Clause arguments rely on several novel readings of the Clause. We next address these arguments and explain why we find them unpersuasive.

1

Petitioners contend that even if the CTEA's 20-year term extension is literally a "limited Tim[e]," permitting Congress to extend existing copyrights allows it to evade the "limited Times" constraint by creating effectively perpetual copyrights through repeated extensions. We disagree.

209 *209 As the Court of Appeals observed, a regime of perpetual copyrights "clearly is not the situation before us." 239 F.3d, at 379. Nothing before this Court warrants construction of the CTEA's 20-year term extension as a congressional attempt to evade
210 or override the "limited Times" constraint.[16] Critically, we again emphasize, petitioners fail to *210 show how the CTEA crosses a constitutionally significant threshold with respect to "limited Times" that the 1831, 1909, and 1976 Acts did not. See *supra,* at 194-196; Austin, *supra* n. 13, at 56 ("If extending copyright protection to works already in existence is constitutionally suspect," so is "extending the protections of U.S. copyright law to works by foreign authors that had already been created and even first published when the federal rights attached."). Those earlier Acts did not create perpetual copyrights, and neither does the CTEA.[17]

2

Petitioners dominantly advance a series of arguments all premised on the proposition that Congress may not extend an existing copyright absent new consideration from the author. They pursue this main theme under three headings. Petitioners contend that the CTEA's extension of existing copyrights (1) overlooks the requirement of "originality," (2) fails to "promote the Progress of Science," and (3) ignores copyright's *quid pro quo.*

211 *211 Petitioners' "originality" argument draws on *Feist Publications, Inc.* v. *Rural Telephone Service Co.,* 499 U.S. 340 (1991). In *Feist,* we observed that "[t]he *sine qua non* of copyright is originality," *id.,* at 345, and held that copyright protection is unavailable to "a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent," *id.,* at 359. Relying on *Feist,* petitioners urge that even if a work is sufficiently "original" to qualify for copyright

protection in the first instance, any extension of the copyright's duration is impermissible because, once published, a work is no longer original.

Feist, however, did not touch on the duration of copyright protection. Rather, the decision addressed the core question of copyrightability, *i. e.,* the "creative spark" a work must have to be eligible for copyright protection at all. Explaining the originality requirement, *Feist* trained on the Copyright Clause words "Authors" and "Writings." *Id.,* at 346-347. The decision did not construe the "limited Times" for which a work may be protected, and the originality requirement has no bearing on that prescription.

More forcibly, petitioners contend that the CTEA's extension of existing copyrights does not "promote the Progress of Science" as contemplated by the preambular language of the Copyright Clause. Art. I, § 8, cl. 8. To sustain this objection, petitioners do not argue that the Clause's preamble is an independently enforceable limit on Congress' power. See 239 F.3d, at 378 (Petitioners acknowledge that "the preamble of the Copyright Clause is not a substantive limit on Congress' legislative power." (internal quotation marks omitted)). Rather, they maintain that the preambular language identifies the sole end to which Congress may legislate; accordingly, they conclude, the meaning of "limited Times" must be "determined in light of that specified end." Brief for Petitioners 19. The CTEA's extension of existing copyrights categorically fails to "promote the Progress
212 of Science," petitioners argue, because it does not stimulate the *212 creation of new works but merely adds value to works already created.

As petitioners point out, we have described the Copyright Clause as "both a grant of power and a limitation," *Graham* v. *John Deere Co. of Kansas City,* 383 U.S. 1, 5 (1966), and have said that "[t]he primary objective of copyright" is "[t]o promote the Progress of Science," *Feist,* 499 U.S., at 349. The "constitutional command," we have recognized, is that Congress, to the extent it enacts copyright laws at all, create a "system" that "promote[s] the Progress of Science." *Graham,* 383 U.S., at 6.[18]

We have also stressed, however, that it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives. See *Stewart* v. *Abend,* 495 U.S., at 230 ("Th[e] evolution of the duration of copyright protection tellingly
213 illustrates the difficulties Congress faces. . . . [I]t is not our role to alter the delicate balance *213 Congress has labored to achieve."); *Sony,* 464 U.S., at 429 ("[I]t is Congress that has been assigned the task of defining the scope of [rights] that should be granted to authors or to inventors in order to give the public appropriate access to their work product."); *Graham,* 383 U.S., at 6 ("Within the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim."). The justifications we earlier set out for Congress' enactment of the CTEA, *supra,* at 205-207, provide a rational basis for the conclusion that the CTEA "promote[s] the Progress of Science."

On the issue of copyright duration, Congress, from the start, has routinely applied new definitions or adjustments of the copyright term to both future works and existing works not yet in the public domain.[19] Such consistent congressional practice is entitled to "very great weight, and when it is remembered that the rights thus established have not been disputed during a period of [over two] centur[ies], it is almost conclusive." *Burrow-Giles Lithographic Co.* v. *Sarony,* 111 U.S., at 57. Indeed, "[t]his Court has repeatedly laid down the principle that a contemporaneous legislative exposition of the Constitution when the founders of our Government and framers of our Constitution were actively participating in public affairs, acquiesced in for a long term of years, fixes the construction to be given [the Constitution's] provisions." *Myers* v. *United States,* 272 U.S. 52, 175
214 (1926). Congress' unbroken practice since the founding generation *214 thus overwhelms petitioners' argument that the CTEA's extension of existing copyrights fails *per se* to "promote the Progress of Science."[20]

Closely related to petitioners' preambular argument, or a variant of it, is their assertion that the Copyright Clause "imbeds a quid pro quo." Brief for Petitioners 23. They contend, in this regard, that Congress may grant to an "Autho[r]" an "exclusive Right" for a "limited Tim[e]," but only in exchange for a "Writin[g]." Congress' power to confer copyright protection, petitioners argue, is thus contingent upon an exchange: The author of an original work receives an "exclusive Right" for a "limited Tim[e]" in exchange for a dedication to the public thereafter. Extending an existing copyright without demanding additional consideration, petitioners maintain, bestows an unpaid-for benefit on copyright holders and their heirs, in violation of the *quid pro quo* requirement.

215 We can demur to petitioners' description of the Copyright Clause as a grant of legislative authority empowering Congress "to secure a bargain — this for that." *Id.,* at 16; see *Mazer* v. *Stein,* 347 U.S. 201, 219 (1954) ("The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by

personal gain is the best way to advance public welfare through the talents of authors and inventors in `Science and useful Arts.'"). But the legislative evolution earlier recalled demonstrates what the bargain entails. Given the consistent placement of existing copyright *215 holders in parity with future holders, the author of a work created in the last 170 years would reasonably comprehend, as the "this" offered her, a copyright not only for the time in place when protection is gained, but also for any renewal or extension legislated during that time.[21] Congress could rationally seek to "promote . . . Progress" by including in every copyright statute an express guarantee that authors would receive the benefit of any later legislative extension of the copyright term. Nothing in the Copyright Clause bars Congress from creating the same incentive by adopting the same position as a matter of unbroken practice. See Brief for Respondent 31-32.

Neither *Sears, Roebuck & Co.* v. *Stiffel Co.,* 376 U.S. 225 (1964), nor *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.,* 489 U.S. 141 (1989), is to the contrary. In both cases, we invalidated the application of certain state laws as inconsistent with the federal patent regime. *Sears,* 376 U.S., at 231-233; *Bonito,* 489 U.S., at 152. Describing Congress' constitutional authority to confer patents, *Bonito Boats* noted: "The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the `Progress of Science and useful
216 Arts.'" *Id.,* at 146. *216 *Sears* similarly stated that "[p]atents are not given as favors ... but are meant to encourage invention by rewarding the inventor with the right, limited to a term of years fixed by the patent, to exclude others from the use of his invention." 376 U.S., at 229. Neither case concerned the extension of a patent's duration. Nor did either suggest that such an extension might be constitutionally infirm. Rather, *Bonito Boats* reiterated the Court's unclouded understanding: "It is for Congress to determine if the present system" effectuates the goals of the Copyright and Patent Clause. 489 U.S., at 168. And as we have documented, see *supra,* at 201-204, Congress has many times sought to effectuate those goals by extending existing patents.

We note, furthermore, that patents and copyrights do not entail the same exchange, and that our references to a *quid pro quo* typically appear in the patent context. See, *e. g., J. E. M. Ag Supply, Inc.* v. *Pioneer Hi-Bred International, Inc.,* 534 U.S. 124, 142 (2001) ("The disclosure required by the Patent Act is `the *quid pro quo* of the right to exclude.'" (quoting *Kewanee Oil Co.* v. *Bicron Corp.,* 416 U.S. 470, 484 (1974))); *Bonito Boats,* 489 U.S., at 161 ("the *quid pro quo* of substantial creative effort required by the federal [patent] statute"); *Brenner* v. *Manson,* 383 U.S. 519, 534 (1966) ("The basic *quid pro quo* ... for granting a patent monopoly is the benefit derived by the public from an invention with substantial utility."); *Pennock* v. *Dialogue,* 2 Pet. 1, 23 (1829) (If an invention is already commonly known and used when the patent is sought, "there might be sound reason for presuming, that the legislature did not intend to grant an exclusive right," given the absence of a "*quid pro quo.*"). This is understandable, given that immediate disclosure is not the objective of, but is *exacted from,* the patentee. It is the price paid for the exclusivity secured. See *J. E. M. Ag Supply,* 534 U.S., at 142. For the author seeking copyright protection, in contrast,
217 disclosure is the desired objective, not something exacted from the author in exchange for the copyright. *217 Indeed, since the 1976 Act, copyright has run from creation, not publication. See 1976 Act § 302(a); 17 U.S.C. § 302(a).

Further distinguishing the two kinds of intellectual property, copyright gives the holder no monopoly on any knowledge. A reader of an author's writing may make full use of any fact or idea she acquires from her reading. See § 102(b). The grant of a patent, on the other hand, does prevent full use by others of the inventor's knowledge. See Brief for Respondent 22; *Alfred Bell & Co.* v. *Catalda Fine Arts,* 191 F.2d 99, 103, n. 16 (CA2 1951) (The monopoly granted by a copyright "is not a monopoly of knowledge. The grant of a patent does prevent full use being made of knowledge, but the reader of a book is not by the copyright laws prevented from making full use of any information he may acquire from his reading." (quoting W. Copinger, Law of Copyright 2 (7th ed. 1936))). In light of these distinctions, one cannot extract from language in our patent decisions — language not trained on a grant's duration — genuine support for petitioners' bold view. Accordingly, we reject the proposition that a *quid pro quo* requirement stops Congress from expanding copyright's term in a manner that puts existing and future copyrights in parity.[22]

3

As an alternative to their various arguments that extending existing copyrights violates the Copyright Clause *per se,* petitioners urge heightened judicial review of such extensions to ensure that they appropriately pursue the purposes of the Clause. See
218 Brief for Petitioners 31-32. Specifically, *218 petitioners ask us to apply the "congruence and proportionality" standard described in cases evaluating exercises of Congress' power under § 5 of the Fourteenth Amendment. See, *e. g., City of Boerne* v. *Flores,* 521 U.S. 507 (1997). But we have never applied that standard outside the § 5 context; it does not hold sway for judicial review of legislation enacted, as copyright laws are, pursuant to Article I authorization.

Section 5 authorizes Congress to *enforce* commands contained in and incorporated into the Fourteenth Amendment. Amdt. 14, § 5 ("The Congress shall have power to *enforce,* by appropriate legislation, the provisions of this article." (emphasis added)). The Copyright Clause, in contrast, empowers Congress to *define* the scope of the substantive right. See *Sony,* 464 U.S., at 429. Judicial deference to such congressional definition is "but a corollary to the grant to Congress of any Article I power." *Graham,* 383 U.S., at 6. It would be no more appropriate for us to subject the CTEA to "congruence and proportionality" review under the Copyright Clause than it would be for us to hold the Act unconstitutional *per se.*

For the several reasons stated, we find no Copyright Clause impediment to the CTEA's extension of existing copyrights.

III

Petitioners separately argue that the CTEA is a content-neutral regulation of speech that fails heightened judicial review under
219 the First Amendment.[23] We reject petitioners' *219 plea for imposition of uncommonly strict scrutiny on a copyright scheme that incorporates its own speech-protective purposes and safeguards. The Copyright Clause and First Amendment were adopted close in time. This proximity indicates that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles. Indeed, copyright's purpose is to *promote* the creation and publication of free expression. As *Harper & Row* observed: "[T]he Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas." 471 U.S., at 558.

In addition to spurring the creation and publication of new expression, copyright law contains built-in First Amendment accommodations. See *id.,* at 560. First, it distinguishes between ideas and expression and makes only the latter eligible for copyright protection. Specifically, 17 U.S.C. § 102(b) 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." As we said in *Harper & Row,* this "idea/expression dichotomy strike[s] a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author's expression." 471 U.S., at 556 (internal quotation marks omitted). Due to this distinction, every idea, theory, and fact in a copyrighted work becomes instantly available for public exploitation at the moment of publication. See *Feist,* 499 U.S., at 349-350.

Second, the "fair use" defense allows the public to use not only facts and ideas contained in a copyrighted work, but also
220 expression itself in certain circumstances. Codified at 17 U.S.C. § 107, the defense provides: "[T]he fair use of a *220 copyrighted work, including such use by reproduction in copies . . ., for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." The fair use defense affords considerable "latitude for scholarship and comment," *Harper & Row,* 471 U.S., at 560, and even for parody, see *Campbell* v. *Acuff-Rose Music, Inc.,* 510 U.S. 569 (1994) (rap group's musical parody of Roy Orbison's "Oh, Pretty Woman" may be fair use).

The CTEA itself supplements these traditional First Amendment safeguards. First, it allows libraries, archives, and similar institutions to "reproduce" and "distribute, display, or perform in facsimile or digital form" copies of certain published works "during the last 20 years of any term of copyright ... for purposes of preservation, scholarship, or research" if the work is not already being exploited commercially and further copies are unavailable at a reasonable price. 17 U.S.C. § 108(h); see Brief for Respondent 36. Second, Title II of the CTEA, known as the Fairness in Music Licensing Act of 1998, exempts small businesses, restaurants, and like entities from having to pay performance royalties on music played from licensed radio, television, and similar facilities. 17 U.S.C. § 110(5)(B); see Brief for Representative F. James Sensenbrenner, Jr., et al. as *Amici Curiae* 5-6, n. 3.

Finally, the case petitioners principally rely upon for their First Amendment argument, *Turner Broadcasting System, Inc.* v. *FCC,* 512 U.S. 622 (1994), bears little on copyright. The statute at issue in *Turner* required cable operators to carry and transmit broadcast stations through their proprietary cable systems. Those "must-carry" provisions, we explained, implicated "the heart of the First Amendment," namely, "the principle that each person should decide for himself or herself the ideas and beliefs deserving of expression, consideration, and adherence." *Id.,* at 641.

221 *221 The CTEA, in contrast, does not oblige anyone to reproduce another's speech against the carrier's will. Instead, it protects authors' original expression from unrestricted exploitation. Protection of that order does not raise the free speech concerns

present when the government compels or burdens the communication of particular facts or ideas. The First Amendment securely protects the freedom to make— or decline to make—one's own speech; it bears less heavily when speakers assert the right to make other people's speeches. To the extent such assertions raise First Amendment concerns, copyright's built-in free speech safeguards are generally adequate to address them. We recognize that the D. C. Circuit spoke too broadly when it declared copyrights "categorically immune from challenges under the First Amendment." 239 F. 3d, at 375. But when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary. See *Harper & Row,* 471 U. S., at 560; cf. *San Francisco Arts & Athletics, Inc.* v. *United States Olympic Comm.,* 483 U. S. 522 (1987).[24]

IV

If petitioners' vision of the Copyright Clause held sway, it would do more than render the CTEA's duration extensions unconstitutional as to existing works. Indeed, petitioners' assertion that the provisions of the CTEA are not severable would
222 make the CTEA's enlarged terms invalid even as to *222 tomorrow's work. The 1976 Act's time extensions, which set the pattern that the CTEA followed, would be vulnerable as well.

As we read the Framers' instruction, the Copyright Clause empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the Clause. See *Graham,* 383 U. S., at 6 (Congress may "implement the stated purpose of the Framers by selecting the policy which *in its judgment* best effectuates the constitutional aim." (emphasis added)). Beneath the facade of their inventive constitutional interpretation, petitioners forcefully urge that Congress pursued very bad policy in prescribing the CTEA's long terms. The wisdom of Congress' action, however, is not within our province to second-guess. Satisfied that the legislation before us remains inside the domain the Constitution assigns to the First Branch, we affirm the judgment of the Court of Appeals.

It is so ordered.

JUSTICE STEVENS, dissenting.

Writing for a unanimous Court in 1964, Justice Black stated that it is obvious that a State could not "extend the life of a patent beyond its expiration date," *Sears, Roebuck & Co.* v. *Stiffel Co.,* 376 U. S. 225, 231 (1964).[1] As I shall explain, the reasons why a State may not extend the life of a patent apply to Congress as well. If Congress may not expand the scope of a patent
223 monopoly, it also may not extend *223 the life of a copyright beyond its expiration date. Accordingly, insofar as the 1998 Sonny Bono Copyright Term Extension Act, 112 Stat. 2827, purported to extend the life of unexpired copyrights, it is invalid. Because the majority's contrary conclusion rests on the mistaken premise that this Court has virtually no role in reviewing congressional grants of monopoly privileges to authors, inventors, and their successors, I respectfully dissent.

I

The authority to issue copyrights stems from the same Clause in the Constitution that created the patent power. It provides:

> "Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Art. I, § 8, cl. 8.

It is well settled that the Clause is "both a grant of power and a limitation" and that Congress "may not overreach the restraints imposed by the stated constitutional purpose." *Graham* v. *John Deere Co. of Kansas City,* 383 U. S. 1, 5-6 (1966). As we have made clear in the patent context, that purpose has two dimensions. Most obviously the grant of exclusive rights to their respective writings and discoveries is intended to encourage the creativity of "Authors and Inventors." But the requirement that those exclusive grants be for "limited Times" serves the ultimate purpose of promoting the "Progress of Science and useful Arts" by guaranteeing that those innovations will enter the public domain as soon as the period of exclusivity expires:

> "Once the patent issues, it is strictly construed, *United States* v. *Masonite Corp.,* 316 U. S. 265, 280 (1942), it cannot be used to secure any monopoly beyond that contained in the patent, *Morton Salt Co.* v. *G. S. Suppiger*
> 224 *Co.,* 314 U. S. 488, 492 (1942), . . . and especially relevant *224 here, when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it

> carried when patented—passes to the public. *Kellogg Co.* v. *National Biscuit Co.,* 305 U. S. 111, 120-122 (1938); *Singer Mfg. Co.* v. *June Mfg. Co.,* 163 U. S. 169, 185 (1896)." *Sears, Roebuck & Co.,* 376 U. S., at 230.

It is that ultimate purpose that explains why a patent may not issue unless it discloses the invention in such detail that one skilled in the art may copy it. See, *e. g., Grant* v. *Raymond,* 6 Pet. 218, 247 (1832) (Marshall, C. J.) ("The third section [of the 1793 Act] requires, as preliminary to a patent, a correct specification and description of the thing discovered. This is necessary in order to give the public, after the privilege shall expire, the advantage for which the privilege is allowed, and is the foundation of the power to issue the patent"). Complete disclosure as a precondition to the issuance of a patent is part of the *quid pro quo* that justifies the limited monopoly for the inventor as consideration for full and immediate access by the public when the limited time expires.[2]

Almost two centuries ago the Court plainly stated that public access to inventions at the earliest possible date was the essential purpose of the Clause:

> "While one great object was, by holding out a reasonable reward to inventors and giving them an exclusive right
> 225 to their inventions for a limited period, to stimulate the efforts of genius; the main object was `to promote the *225 progress of science and useful arts;' and this could be done best, by giving the public at large a right to make, construct, use, and vend the thing invented, at as early a period as possible, having a due regard to the rights of the inventor. If an inventor should be permitted to hold back from the knowledge of the public the secrets of his invention; if he should for a long period of years retain the monopoly, and make, and sell his invention publicly, and thus gather the whole profits of it, relying upon his superior skill and knowledge of the structure; and then, and then only, when the danger of competition should force him to secure the exclusive right, he should be allowed to take out a patent, and thus exclude the public from any farther use than what should be derived under it during his fourteen years; it would materially retard the progress of science and the useful arts, and give a premium to those, who should be least prompt to communicate their discoveries." *Pennock* v. *Dialogue,* 2 Pet. 1, 18 (1829).

Pennock held that an inventor could not extend the period of patent protection by postponing his application for the patent while exploiting the invention commercially. As we recently explained, "implicit in the Patent Clause itself" is the understanding "that free exploitation of ideas will be the rule, to which the protection of a federal patent is the exception. Moreover, the ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.,* 489 U. S. 141, 151 (1989).

The issuance of a patent is appropriately regarded as a *quid pro quo*—the grant of a limited right for the inventor's disclosure and subsequent contribution to the public domain. See, *e. g., Pfaff* v. *Wells Electronics, Inc.,* 525 U. S. 55, 63 (1998) ("[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and
226 useful advances in technology, in return *226 for an exclusive monopoly for a limited period of time"). It would be manifestly unfair if, after issuing a patent, the Government as a representative of the public sought to modify the bargain by shortening the term of the patent in order to accelerate public access to the invention. The fairness considerations that underlie the constitutional protections against *ex post facto* laws and laws impairing the obligation of contracts would presumably disable Congress from making such a retroactive change in the public's bargain with an inventor without providing compensation for the taking. Those same considerations should protect members of the public who make plans to exploit an invention as soon as it enters the public domain from a retroactive modification of the bargain that extends the term of the patent monopoly. As I discuss below, the few historical exceptions to this rule do not undermine the constitutional analysis. For quite plainly, the limitations "implicit in the Patent Clause itself," 489 U. S., at 151, adequately explain why neither a State nor Congress may "extend the life of a patent beyond its expiration date," *Sears, Roebuck & Co.,* 376 U. S., at 231.[3]

Neither the purpose of encouraging new inventions nor the overriding interest in advancing progress by adding knowledge to the public domain is served by retroactively increasing the inventor's compensation for a completed invention and frustrating the
227 legitimate expectations of members of the public who want to make use of it in a free *227 market. Because those twin purposes provide the only avenue for congressional action under the Copyright/Patent Clause of the Constitution, any other action is manifestly unconstitutional.

II

We have recognized that these twin purposes of encouraging new works and adding to the public domain apply to copyrights as well as patents. Thus, with regard to copyrights on motion pictures, we have clearly identified the overriding interest in the "release to the public of the products of [the author's] creative genius." *United States* v. *Paramount Pictures, Inc.,* 334 U. S. 131, 158 (1948).[4] And, as with patents, we have emphasized that the overriding purpose of providing a reward for authors' creative activity is to motivate that activity and "to allow the public access to the products of their genius after the limited period of exclusive control has expired." *Sony Corp. of America v. Universal City Studios, Inc.,* 464 U. S. 417, 429 (1984). *Ex post facto* extensions of copyrights result in a gratuitous transfer of wealth from the public to authors, publishers, and their successors in interest. Such retroactive extensions do not even arguably serve either of the purposes of the Copyright/Patent Clause. The reasons why such extensions of the patent monopoly are unconstitutional apply to copyrights as well.

Respondent, however, advances four arguments in support of the constitutionality of such retroactive extensions: (1) The first
228 Copyright Act enacted shortly after the Constitution *228 was ratified applied to works that had already been produced; (2) later Congresses have repeatedly authorized extensions of copyrights and patents; (3) such extensions promote the useful arts by giving copyright holders an incentive to preserve and restore certain valuable motion pictures; and (4) as a matter of equity, whenever Congress provides a longer term as an incentive to the creation of new works by authors, it should provide an equivalent reward to the owners of all unexpired copyrights. None of these arguments is persuasive.

III

Congress first enacted legislation under the Copyright/Patent Clause in 1790 when it passed bills creating federal patent and copyright protection. Because the content of that first legislation, the debate that accompanied it, and the differences between the initial versions and the bills that ultimately passed provide strong evidence of early Congresses' understanding of the constitutional limits of the Copyright/Patent Clause, I examine both the initial copyright and patent statutes.

Congress first considered intellectual property statutes in its inaugural session in 1789. The bill debated, House Resolution 10—"a bill to promote the progress of science and useful arts, by securing to authors and inventors the exclusive right to their respective writings and discoveries," 3 Documentary History of First Federal Congress of the United States 94 (L. de Pauw, C. Bickford, & L. Hauptman eds. 1977) (hereinafter Documentary History)—provided both copyright and patent protection for
229 similar terms.[5] The first Congress did not pass H. R. 10, though a similar version was *229 reintroduced in the second Congress in 1790. After minimal debate, however, the House of Representatives began consideration of two separate bills, one covering patents and the other copyrights. Because, as the majority recognizes, "congressional practice with respect to patents informs our inquiry," *ante,* at 201, I consider the history of both patent and copyright legislation.

The Patent Act

What eventually became the Patent Act of 1790 had its genesis in House Resolution 41, introduced on February 16, 1790. That resolution differed from H. R. 10 in one important respect. Whereas H. R. 10 would have extended patent protection to only those inventions that were "not before known or used," H. R. 41, by contrast, added the phrase "within the United States" to that limitation and expressly authorized patent protection for "any person, who shall after the passing of this act, first import into the United States . . . any . . . device . . . not before used or known in the said States." 6 Documentary History 1626-1632. This change would have authorized patents of importation, providing United States patent protection for inventions already in use elsewhere. This change, however, was short lived and was removed by a floor amendment on March 5, 1789. Walterscheid 125. Though exact records of the floor debate are lost, correspondence from House Members indicate that doubts about the constitutionality of such a provision led to its removal. Representative Thomas Fitzsimmons wrote to a leading industrialist that day stating that the section "`allowing to Importers, was left out, the Constitutional power being Questionable.'" *Id.,* at 126 (quoting Letter from Rep. Thomas Fitzsimmons to Tench Coxe (Mar. 5, 1790)). James Madison himself recognized this
230 constitutional limitation on patents of importation, flatly stating that the constitution "forbids patents for that purpose." 13 Papers *230 of James Madison 128 (C. Hobson & R. Rutland eds. 1981) (reprinting letter to Tench Coxe (Mar. 28, 1790)).[6]

The final version of the 1790 Patent Act, 1 Stat. 109, did not contain the geographic qualifier and thus did not provide for patents of importation. This statutory omission, coupled with the contemporaneous statements by legislators, provides strong evidence that Congress recognized significant limitations on their constitutional authority under the Copyright/Patent Clause to extend protection to a class of intellectual properties. This recognition of a categorical constitutional limitation is fundamentally

at odds with the majority's reading of Article I, § 8, to provide essentially no limit on congressional action under the Clause. If early congressional practice does, indeed, inform our analysis, as it should, then the majority's judicial excision of these constitutional limits cannot be correct.

The Copyright Act

Congress also passed the first Copyright Act, 1 Stat. 124, in 1790. At that time there were a number of maps, charts, and books that had already been printed, some of which were copyrighted under state laws and some of which were arguably entitled to perpetual protection under the common law. The federal statute applied to those works as well as to new works. In some cases
231 the application of the new federal rule reduced the pre-existing protections, and in others it *231 may have increased the protection.[7] What is significant is that the statute provided a general rule creating new federal rights that supplanted the diverse state rights that previously existed. It did not extend or attach to any of those pre-existing state and common-law rights: "That congress, in passing the act of 1790, did not legislate in reference to existing rights, appears clear." *Wheaton v. Peters,* 8 Pet. 591, 661 (1834); see also *Fox Film Corp.* v. *Doyal,* 286 U. S. 123, 127 (1932) ("As this Court has repeatedly said, the Congress did not sanction an existing right but created a new one"). Congress set in place a federal structure governing certain types of intellectual property for the new Republic. That Congress exercised its unquestionable constitutional authority to *create* a new federal system securing rights for authors and inventors in 1790 does not provide support for the proposition that Congress can *extend pre-existing* federal protections retroactively.

Respondent places great weight on this first congressional action, arguing that it proves that "Congress thus unquestionably understood that it had authority to apply a new, more favorable copyright term to existing works." Brief for Respondent 12-13. That understanding, however, is not relevant to the question presented by this case—whether "Congress has the power under
232 the Copyright Clause to extend retroactively the term of existing copyrights?" Brief for *232 Petitioners i.[8] Precisely put, the question presented by this case does not even implicate the 1790 Act, for that Act created, rather than extended, copyright protection. That this law applied to works already in existence says nothing about the First Congress' conception of its power to extend this newly created federal right.

Moreover, Members of Congress in 1790 were well aware of the distinction between the creation of new copyright regimes and the extension of existing copyrights. The 1790 Act was patterned, in many ways, after the Statute of Anne enacted in England in 1710. 8 Ann., c. 19; see *Fred Fisher Music Co.* v. *M. Witmark & Sons,* 318 U. S. 643, 647-648 (1943). The English statute, in addition to providing authors with copyrights on new works for a term of 14 years renewable for another 14-year term, also replaced the booksellers' claimed perpetual rights in existing works with a single 21-year term. In 1735, the booksellers proposed an amendment that would have extended the terms of existing copyrights until 1756, but the amendment was defeated. Opponents of the amendment had argued that if the bill were to pass, it would "in Effect be establishing a perpetual
233 Monopoly . . . only to increase the private Gain of the *233 Booksellers . . . ."[9] The authors of the federal statute that used the Statute of Anne as a model were familiar with this history. Accordingly, this Court should be especially wary of relying on Congress' creation of a new system to support the proposition that Congress unquestionably understood that it had constitutional authority to extend existing copyrights.

IV

Since the creation of federal patent and copyright protection in 1790, Congress has passed a variety of legislation, both providing specific relief for individual authors and inventors as well as changing the general statutes conferring patent and copyright privileges. Some of the changes did indeed, as the majority describes, extend existing protections retroactively. Other changes, however, did not do so. A more complete and comprehensive look at the history of congressional action under the Copyright/Patent Clause demonstrates that history, in this case, does not provide the "`volume of logic,'" *ante,* at 200, necessary to sustain the Sonny Bono Act's constitutionality.

Congress, aside from changing the process of applying for a patent in the 1793 Patent Act, did not significantly alter the basic patent and copyright systems for the next 40 years. During this time, however, Congress did consider many private bills. Respondent seeks support from "Congress's historical practice of using its Copyright and Patent Clause authority to extend the
234 terms of individual patents and copyrights." Brief for Respondent 13. Carefully read, *234 however, these private bills do not support respondent's historical gloss, but rather significantly undermine the historical claim.

The first example relied upon by respondent, the extension of Oliver Evans' patent in 1808, ch. 13, 6 Stat. 70, demonstrates the pitfalls of relying on an incomplete historical analysis. Evans, an inventor who had developed several improvements in milling flour, received the third federal patent on January 7, 1791. See Federico, Patent Trials of Oliver Evans, 27 J. Pat. Off. Soc. 586, 590 (1945). Under the 14-year term provided by the 1790 Patent Act, this patent was to expire on January 7, 1805. Claiming that 14 years had not provided him a sufficient time to realize income from his invention and that the net profits were spent developing improvements on the steam engine, Evans first sought an extension of his patent in December 1804. *Id.,* at 598; 14 Annals of Cong. 1002 (1805). Unsuccessful in 1804, he tried again in 1805, and yet again in 1806, to persuade Congress to pass his private bill. Undaunted, Evans tried one last time to revive his expired patent after receiving an adverse judgment in an infringement action. See *Evans* v. *Chambers,* 8 F. Cas. 837 (No. 4,555) (CC Pa. 1807). This time, his effort at private legislation was successful, and Congress passed a bill extending his patent for 14 years. See An Act for the relief of Oliver Evans, 6 Stat. 70. This legislation, passed January 21, 1808, restored a patent monopoly for an invention that had been in the public domain for over four years. As such, this Act unquestionably exceeded Congress' authority under the Copyright/Patent Clause: "The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose. . . . *Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available."* *Graham,* 383 U. S., at 5-6 (emphasis added).

235 *235 This extension of patent protection to an expired patent was not an isolated incident. Congress passed private bills either directly extending patents or allowing otherwise untimely applicants to apply for patent extensions for approximately 75 patents between 1790 and 1875. Of these 75 patents, at least 56 had already fallen into the public domain.[10] The fact that this repeated practice was patently unconstitutional completely undermines the majority's reliance on this history as "significant." *Ante,* at 201.

Copyright legislation has a similar history. The federal Copyright Act was first amended in 1831. That amendment, like later amendments, not only authorized a longer term for new works, but also extended the terms of unexpired copyrights. Respondent argues that that historical practice effectively establishes the constitutionality of retroactive extensions of unexpired copyrights. Of course, the practice buttressess the presumption of validity that attaches to every Act of Congress. But, as our decision in *INS* v. *Chadha,* 462 U. S. 919 (1983), demonstrates, the fact that Congress has repeatedly acted on a mistaken interpretation of the Constitution does not qualify our duty to invalidate an unconstitutional practice when it is finally challenged in an appropriate case. As Justice White pointed out in his dissent in *Chadha,* that case sounded the "death knell for nearly 200 other statutory provisions" in which Congress had exercised a "`legislative veto.'" *Id.,* at 967. Regardless of the effect of
236 unconstitutional enactments of Congress, the scope of "`the constitutional power of Congress . . . is ultimately a *236 judicial rather than a legislative question, and can be settled finally only by this Court.'" *United States* v. *Morrison,* 529 U. S. 598, 614 (2000) (quoting *Heart of Atlanta Motel, Inc.* v. *United States,* 379 U. S. 241, 273 (1964) (Black, J., concurring)). For, as this Court has long recognized, "[i]t is obviously correct that no one acquires a vested or protected right in violation of the Constitution by long use, even when that span of time covers our entire national existence." *Walz* v. *Tax Comm'n of City of New York,* 397 U. S. 664, 678 (1970).

It would be particularly unwise to attach constitutional significance to the 1831 amendment because of the very different legal landscape against which it was enacted. Congress based its authority to pass the amendment on grounds shortly thereafter declared improper by the Court. The Judiciary Committee Report prepared for the House of Representatives asserted that "an author has an exclusive and perpetual right, in preference to any other, to the fruits of his labor." 7 Cong. Deb., App., p. cxx (1831). The floor debate echoed this same sentiment. See, *e. g., id.,* at 424 (statement of Mr. Verplanck (rejecting the idea that copyright involved "an implied contract existing between an author and the public" for "[t]here was no contract; the work of an author was the result of his own labor" and copyright was "merely a legal provision for the protection of a natural right")). This sweat-of-the-brow view of copyright, however, was emphatically rejected by this Court in 1834 in *Wheaton* v. *Peters,* 8 Pet., at 661 ("Congress, then, by this act, instead of sanctioning an existing right, as contended for, created it"). No presumption of validity should attach to a statutory enactment that relied on a shortly thereafter discredited interpretation of the basis for congressional power.[11]

237 *237 In 1861, Congress amended the term of patents, from a 14-year term plus opportunity for 7-year extension to a flat 17 years with no extension permitted. Act of Mar. 2, 1861, ch. 88, § 16, 12 Stat. 249. This change was not retroactive, but rather only applied to "all patents hereafter granted." *Ibid.* To be sure, Congress, at many times in its history, has retroactively extended the terms of existing copyrights and patents. This history, however, reveals a much more heterogeneous practice than respondent contends. It is replete with actions that were unquestionably unconstitutional. Though relevant, the history is not

dispositive of the constitutionality of the Sonny Bono Act.

The general presumption that historic practice illuminates the constitutionality of congressional action is not controlling in this case. That presumption is strongest when the earliest acts of Congress are considered, for the overlap of identity between those who created the Constitution and those who first constituted Congress provides "contemporaneous and weighty evidence" of the Constitution's "true meaning." *Wisconsin* v. *Pelican Ins. Co.,* 127 U. S. 265, 297 (1888). But that strong presumption does not attach to congressional action in 1831, because no member of the 1831 Congress had been a delegate to the framing convention 44 years earlier.

Moreover, judicial opinions relied upon by the majority interpreting early legislative enactments have either been implicitly overruled or do not support the proposition claimed. *Graham* flatly contradicts the cases relied on by the majority and
238 respondent for support that "renewed or extended terms *238 were upheld in the early days." *Ante,* at 202.[12] *Evans* v. *Jordan,* 8 F. Cas. 872, 874 (No. 4,564) (CC Va. 1813) (Marshall, J.); *Evans* v. *Robinson,* 8 F. Cas. 886, 888 (No. 4,571) (CC Md. 1813); and *Blanchard* v. *Sprague,* 3 F. Cas. 648, 650 (No. 1,518) (CC Mass. 1839) (Story, J.), all held that private bills passed by Congress extending previously expired patents were valid. *Evans* v. *Jordan* and *Evans* v. *Robinson* both considered Oliver Evans' private bill discussed above while *Blanchard* involved ch. 213, 6 Stat. 589, which extended Thomas Blanchard's patent after it had been in the public domain for five months. Irrespective of what circuit courts held "in the early days," *ante,* at 202, such holdings have been implicitly overruled by *Graham* and, therefore, provide no support for respondent in the present constitutional inquiry.

The majority's reliance on the other patent case it cites is similarly misplaced. Contrary to the suggestion in the Court's opinion, *McClurg* v. *Kingsland,* 1 How. 202 (1843), did not involve the "legislative expansion" of an existing patent. *Ante,* at 202. The question in that case was whether the former employer of the inventor, one James Harley, could be held liable as an infringer for continuing to use the process that Harley had invented in 1834 when he was in its employ. The Court first held that the
239 employer's use of the process before the patent issued was not a public *239 use that would invalidate the patent, even if it might have had that effect prior to the amendment of the patent statute in 1836. 1 How., at 206-208. The Court then disposed of the case on the ground that a statute enacted in 1839 protected the alleged infringer's right to continue to use the process after the patent issued. *Id.,* at 209-211. Our opinion said nothing about the power of Congress to extend the life of an issued patent. It did note that Congress has plenary power to legislate on the subject of patents provided "that they do not take away the rights of property in existing patents." *Id.,* at 206. The fact that Congress cannot change the bargain between the public and the patentee in a way that disadvantages the patentee is, of course, fully consistent with the view that it cannot enlarge the patent monopoly to the detriment of the public after a patent has issued.

The history of retroactive extensions of existing and expired copyrights and patents, though relevant, is not conclusive of the constitutionality of the Sonny Bono Act. The fact that the Court has not previously passed upon the constitutionality of retroactive copyright extensions does not insulate the present extension from constitutional challenge.

V

Respondent also argues that the Act promotes the useful arts by providing incentives to restore old movies. For at least three reasons, the interest in preserving perishable copies of old copyrighted films does not justify a wholesale extension of existing copyrights. First, such restoration and preservation will not even arguably promote any new works by authors or inventors. And, of course, any original expression in the restoration and preservation of movies will receive new copyright protection.[13]
240 Second, however strong *240 the justification for preserving such works may be, that justification applies equally to works whose copyrights have already expired. Yet no one seriously contends that the Copyright/Patent Clause would authorize the grant of monopoly privileges for works already in the public domain solely to encourage their restoration. Finally, even if this concern with aging movies would permit congressional protection, the remedy offered—a blanket extension of all copyrights—simply bears no relationship to the alleged harm.

VI

Finally, respondent relies on concerns of equity to justify the retroactive extension. If Congress concludes that a longer period of exclusivity is necessary in order to provide an adequate incentive to authors to produce new works, respondent seems to

believe that simple fairness requires that the same lengthened period be provided to authors whose works have already been completed and copyrighted. This is a classic non sequitur. The reason for increasing the inducement to create something new simply does not apply to an already-created work. To the contrary, the equity argument actually provides strong support for petitioners. Members of the public were entitled to rely on a promised access to copyrighted or patented works at the expiration of the terms specified when the exclusive privileges were granted. On the other hand, authors will receive the full benefit of the exclusive terms that were promised as an inducement to their creativity, and have no equitable claim to increased compensation for doing nothing more.

241 *241 One must indulge in two untenable assumptions to find support in the equitable argument offered by respondent— that the public interest in free access to copyrighted works is entirely worthless and that authors, as a class, should receive a windfall solely based on completed creative activity. Indeed, Congress has apparently indulged in those assumptions for under the series of extensions to copyrights, with the exception of works which required renewal and which were not renewed, no copyrighted work created in the past 80 years has entered the public domain or will do so until 2019. But as our cases repeatedly and consistently emphasize, ultimate public access is the overriding purpose of the constitutional provision. See, *e. g., Sony Corp.,* 464 U. S., at 429. *Ex post facto* extensions of existing copyrights, unsupported by any consideration of the public interest, frustrate the central purpose of the Clause.

VII

The express grant of a perpetual copyright would unquestionably violate the textual requirement that the authors' exclusive rights be only "for limited Times." Whether the extraordinary length of the grants authorized by the 1998 Act are invalid because they are the functional equivalent of perpetual copyrights is a question that need not be answered in this case because the question presented by the certiorari petition merely challenges Congress' power to extend retroactively the terms of existing copyrights. Accordingly, there is no need to determine whether the deference that is normally given to congressional policy judgments may save from judicial review its decision respecting the appropriate length of the term.[14] It is important to note,
242 however, that *242 a categorical rule prohibiting retroactive extensions would effectively preclude perpetual copyrights. More importantly, as the House of Lords recognized when it refused to amend the Statute of Anne in 1735, unless the Clause is construed to embody such a categorical rule, Congress may extend existing monopoly privileges *ad infinitum* under the majority's analysis.

By failing to protect the public interest in free access to the products of inventive and artistic genius—indeed, by virtually ignoring the central purpose of the Copyright/Patent Clause—the Court has quitclaimed to Congress its principal responsibility in this area of the law. Fairly read, the Court has stated that Congress' actions under the Copyright/Patent Clause are, for all intents and purposes, judicially unreviewable. That result cannot be squared with the basic tenets of our constitutional structure. It is not hyperbole to recall the trenchant words of Chief Justice John Marshall: "It is emphatically the province and duty of the judicial department to say what the law is." *Marbury* v. *Madison,* 1 Cranch 137, 177 (1803). We should discharge that responsibility as we did in *Chadha.*

I respectfully dissent.

JUSTICE BREYER, dissenting.

The Constitution's Copyright Clause grants Congress the power to "*promote* the *Progress* of Science . . . by securing for *limited* Times to *Authors* . . . the exclusive Right to their respective Writings." Art. I, § 8, cl. 8 (emphasis added). The statute before us,
243 the 1998 Sonny Bono Copyright Term Extension Act, extends the term of most existing copyrights *243 to 95 years and that of many new copyrights to 70 years after the author's death. The economic effect of this 20-year extension—the longest blanket extension since the Nation's founding—is to make the copyright term not limited, but virtually perpetual. Its primary legal effect is to grant the extended term not to authors, but to their heirs, estates, or corporate successors. And most importantly, its practical effect is not to promote, but to inhibit, the progress of "Science" —by which word the Framers meant learning or knowledge, E. Walterscheid, The Nature of the Intellectual Property Clause: A Study in Historical Perspective 125-126 (2002).

The majority believes these conclusions rest upon practical judgments that at most suggest the statute is unwise, not that it is unconstitutional. Legal distinctions, however, are often matters of degree. *Panhandle Oil Co.* v. *Mississippi ex rel. Knox,* 277 U. S. 218, 223 (1928) (Holmes, J., dissenting), overruled in part by *Alabama* v. *King & Boozer,* 314 U. S. 1, 8-9 (1941); accord,

Walz v. *Tax Comm'n of City of New York,* 397 U. S. 664, 678-679 (1970). And in this case the failings of degree are so serious that they amount to failings of constitutional kind. Although the Copyright Clause grants broad legislative power to Congress, that grant has limits. And in my view this statute falls outside them.

I

The "monopoly privileges" that the Copyright Clause confers "are neither unlimited nor primarily designed to provide a special private benefit." *Sony Corp. of America* v. *Universal City Studios, Inc.,* 464 U. S. 417, 429 (1984); cf. *Graham* v. *John Deere Co. of Kansas City,* 383 U. S. 1, 5 (1966). This Court has made clear that the Clause's limitations are judicially enforceable. *E. g., Trade-Mark Cases,* 100 U. S. 82, 93-94 (1879). And, in assessing this statute for that purpose, I would take into account the fact
244 that the Constitution is a single document, that it contains both a *244 Copyright Clause and a First Amendment, and that the two are related.

The Copyright Clause and the First Amendment seek related objectives—the creation and dissemination of information. When working in tandem, these provisions mutually reinforce each other, the first serving as an "engine of free expression," *Harper & Row, Publishers, Inc.* v. *Nation Enterprises,* 471 U. S. 539, 558 (1985), the second assuring that government throws up no obstacle to its dissemination. At the same time, a particular statute that exceeds proper Copyright Clause bounds may set Clause and Amendment at cross-purposes, thereby depriving the public of the speech-related benefits that the Founders, through both, have promised.

Consequently, I would review plausible claims that a copyright statute seriously, and unjustifiably, restricts the dissemination of speech somewhat more carefully than reference to this Court's traditional Copyright Clause jurisprudence might suggest, cf. *ante,* at 204-205, and n. 10. There is no need in this case to characterize that review as a search for "`congruence and proportionality,'" *ante,* at 218, or as some other variation of what this Court has called "intermediate scrutiny," *e. g., San Francisco Arts & Athletics, Inc.* v. *United States Olympic Comm.,* 483 U. S. 522, 536-537 (1987) (applying intermediate scrutiny to a variant of normal trademark protection). Cf. *Nixon* v. *Shrink Missouri Government PAC,* 528 U. S. 377, 402-403 (2000) (BREYER, J., concurring) (test of proportionality between burdens and benefits "where a law significantly implicates competing constitutionally protected interests"). Rather, it is necessary only to recognize that this statute involves not pure economic regulation, but regulation of expression, and what may count as rational where economic regulation is at issue is not necessarily rational where we focus on expression—in a Nation constitutionally dedicated to the free dissemination of speech, information,
245 learning, and culture. In this sense *245 only, and where line-drawing among constitutional interests is at issue, I would look harder than does the majority at the statute's rationality—though less hard than precedent might justify, see, *e. g., Cleburne* v. *Cleburne Living Center, Inc.,* 473 U. S. 432, 446-450 (1985); *Plyler* v. *Doe,* 457 U. S. 202, 223-224 (1982); *Department of Agriculture* v. *Moreno,* 413 U. S. 528, 534-538 (1973).

Thus, I would find that the statute lacks the constitutionally necessary rational support (1) if the significant benefits that it bestows are private, not public; (2) if it threatens seriously to undermine the expressive values that the Copyright Clause embodies; and (3) if it cannot find justification in any significant Clause-related objective. Where, after examination of the statute, it becomes difficult, if not impossible, even to dispute these characterizations, Congress' "choice is clearly wrong." *Helvering* v. *Davis,* 301 U. S. 619, 640 (1937).

II

A

Because we must examine the relevant statutory effects in light of the Copyright Clause's own purposes, we should begin by reviewing the basic objectives of that Clause. The Clause authorizes a "tax on readers for the purpose of giving a bounty to writers." 56 Parl. Deb. (3d Ser.) (1841) 341, 350 (Lord Macaulay). Why? What constitutional purposes does the "bounty" serve?

246 The Constitution itself describes the basic Clause objective as one of "promot[ing] the Progress of Science," *i. e.,* knowledge and learning. The Clause exists not to "provide a special private benefit," *Sony, supra,* at 429, but "to stimulate artistic creativity for the general public good," *Twentieth Century Music Corp.* v. *Aiken,* 422 U. S. 151, 156 (1975). It does so by "motivat[ing] the creative activity of authors" through "the provision of a special reward." *Sony, supra,* at 429. The "reward" is a means, not an

end. And that is *246 why the copyright term is limited. It is limited so that its beneficiaries—the public—"will not be permanently deprived of the fruits of an artist's labors." *Stewart* v. *Abend,* 495 U. S. 207, 228 (1990).

That is how the Court previously has described the Clause's objectives. See also *Mazer* v. *Stein,* 347 U. S. 201, 219 (1954) ("[C]opyright law . . . makes reward to the owner a secondary consideration" (internal quotation marks omitted)); *Sony,* 464 U. S., at 429 ("[L]imited grant" is "intended . . . to allow the public access to the products of [authors'] genius after the limited period of exclusive control has expired"); *Harper & Row, supra,* at 545 (Copyright is "intended to increase and not to impede the harvest of knowledge"). But cf. *ante,* at 212, n. 18. And, in doing so, the Court simply has reiterated the views of the Founders.

Madison, like Jefferson and others in the founding generation, warned against the dangers of monopolies. See, *e. g.,* Monopolies. Perpetuities. Corporations. Ecclesiastical Endowments. in J. Madison, Writings 756 (J. Rakove ed. 1999) (hereinafter Madison on Monopolies); Letter from Thomas Jefferson to James Madison (July 31, 1788), in 13 Papers of Thomas Jefferson 443 (J. Boyd ed. 1956) (hereinafter Papers of Thomas Jefferson) (arguing against even copyright monopolies); 2 Annals of Cong. 1917 (1791) (statement of Rep. Jackson in the First Congress, Feb. 1791) ("What was it drove our forefathers to this country? Was it not the ecclesiastical corporations and perpetual monopolies of England and Scotland?"). Madison noted that the Constitution had "limited them to two cases, the authors of Books, and of useful inventions." Madison on Monopolies 756. He thought that in those two cases monopoly is justified because it amounts to "compensation for" an actual community "benefit" and because the monopoly is "temporary"— the term originally being 14 years (once renewable). *Ibid.* Madison
247 concluded that "under that limitation a sufficient recompence and encouragement may be given." *Ibid.* But *247 he warned in general that monopolies must be "guarded with strictness agst abuse." *Ibid.*

Many Members of the Legislative Branch have expressed themselves similarly. Those who wrote the House Report on the landmark Copyright Act of 1909, for example, said that copyright was not designed "primarily" to "benefit" the "author" or "any particular class of citizens, however worthy." H. R. Rep. No. 2222, 60th Cong., 2d Sess., 6-7 (1909). Rather, under the Constitution, copyright was designed "primarily for the benefit of the public," for "the benefit of the great body of people, in that it will stimulate writing and invention." *Id.,* at 7. And were a copyright statute not "believed, in fact, to accomplish" the basic constitutional objective of advancing learning, that statute "would be beyond the power of Congress" to enact. *Id.,* at 6-7. Similarly, those who wrote the House Report on legislation that implemented the Berne Convention for the Protection of Literary and Artistic Works said that "[t]he constitutional purpose of copyright is to facilitate the flow of ideas in the interest of learning." H. R. Rep. No. 100-609, p. 22 (1988) (internal quotation marks omitted). They added:

> "Under the U. S. Constitution, the primary objective of copyright law is not to reward the author, but rather to secure for the public the benefits derived from the authors' labors. By giving authors an incentive to create, the public benefits in two ways: when the original expression is created and . . . when the limited term . . . expires and the creation is added to the public domain." *Id.,* at 17.

For present purposes, then, we should take the following as well established: that copyright statutes must serve public, not private, ends; that they must seek "to promote the Progress" of knowledge and learning; and that they must do so both by
248 creating incentives for authors to produce and by removing the related restrictions on dissemination after *248 expiration of a copyright's "limited Tim[e]"—a time that (like "a *limited* monarch") is "restrain[ed]" and "circumscribe[d]," "not [left] at large," 2 S. Johnson, A Dictionary of the English Language 1151 (4th rev. ed. 1773). I would examine the statute's effects in light of these well-established constitutional purposes.

B

This statute, like virtually every copyright statute, imposes upon the public certain expression-related costs in the form of (1) royalties that may be higher than necessary to evoke creation of the relevant work, and (2) a requirement that one seeking to reproduce a copyrighted work must obtain the copyright holder's permission. The first of these costs translates into higher prices that will potentially restrict a work's dissemination. The second means search costs that themselves may prevent reproduction even where the author has no objection. Although these costs are, in a sense, inevitable concomitants of copyright protection, there are special reasons for thinking them especially serious here.

249 First, the present statute primarily benefits the holders of existing copyrights, *i. e.,* copyrights on works already created. And a Congressional Research Service (CRS) study prepared for Congress indicates that the added royalty-related sum that the law

will transfer to existing copyright holders is large. E. Rappaport, CRS Report for Congress, Copyright Term Extension: Estimating the Economic Values (1998) (hereinafter CRS Report). In conjunction with official figures on copyright renewals, the CRS Report indicates that only about 2% of copyrights between 55 and 75 years old retain commercial value—*i. e.,* still generate royalties after that time. Brief for Petitioners 7 (estimate, uncontested by respondent, based on data from the CRS, Census Bureau, and Library of Congress). But books, songs, and movies of that vintage still earn about $400 million per year in royalties. CRS Report 8, 12, 15. Hence, (despite declining *249 consumer interest in any given work over time) one might conservatively estimate that 20 extra years of copyright protection will mean the transfer of several billion extra royalty dollars to holders of existing copyrights—copyrights that, together, already will have earned many billions of dollars in royalty "reward." See *id.,* at 16.

The extra royalty payments will not come from thin air. Rather, they ultimately come from those who wish to read or see or hear those classic books or films or recordings that have survived. Even the $500,000 that United Airlines has had to pay for the right to play George Gershwin's 1924 classic Rhapsody in Blue represents a cost of doing business, potentially reflected in the ticket prices of those who fly. See Ganzel, Copyright or Copywrong? 39 Training 36, 42 (Dec. 2002). Further, the likely amounts of extra royalty payments are large enough to suggest that unnecessarily high prices will unnecessarily restrict distribution of classic works (or lead to disobedience of the law)—not just in theory but in practice. Cf. CRS Report 3 ("[N]ew, cheaper editions can be expected when works come out of copyright"); Brief for College Art Association et al. as *Amici Curiae* 24 (One year after expiration of copyright on Willa Cather's My Antonia, seven new editions appeared at prices ranging from $2 to $24); Ganzel, *supra,* at 40-41, 44 (describing later abandoned plans to charge individual Girl Scout camps $257 to $1,439 annually for a license to sing songs such as God Bless America around a campfire).

A second, equally important, cause for concern arises out of the fact that copyright extension imposes a "permissions" requirement—not only upon potential users of "classic" works that still retain commercial value, but also upon potential users of *any other work* still in copyright. Again using CRS estimates, one can estimate that, by 2018, the number of such works 75 years of age or older will be about 350,000. See Brief for Petitioners 7. Because the Copyright Act of 1976 abolished the
250 requirement that an owner must renew a *250 copyright, such still-in-copyright works (of little or no commercial value) will eventually number in the millions. See Pub. L. 94-553, §§ 302-304, 90 Stat. 2572-2576; U. S. Dept. of Commerce, Bureau of Census, Statistical History of the United States: From Colonial Times to the Present 956 (1976) (hereinafter Statistical History).

The potential users of such works include not only movie buffs and aging jazz fans, but also historians, scholars, teachers, writers, artists, database operators, and researchers of all kinds—those who want to make the past accessible for their own use or for that of others. The permissions requirement can inhibit their ability to accomplish that task. Indeed, in an age where computer-accessible databases promise to facilitate research and learning, the permissions requirement can stand as a significant obstacle to realization of that technological hope.

The reason is that the permissions requirement can inhibit or prevent the use of old works (particularly those without commercial value): (1) because it may prove expensive to track down or to contract with the copyright holder, (2) because the holder may prove impossible to find, or (3) because the holder when found may deny permission either outright or through misinformed efforts to bargain. The CRS, for example, has found that the cost of seeking permission "can be prohibitive." CRS Report 4. And *amici,* along with petitioners, provide examples of the kinds of significant harm at issue.

Thus, the American Association of Law Libraries points out that the clearance process associated with creating an electronic archive, Documenting the American South, "consumed approximately a dozen man-hours" *per work.* Brief for American Association of Law Libraries et al. as *Amici Curiae* 20. The College Art Association says that the costs of obtaining permission for use of single images, short excerpts, and other short works can become prohibitively high; it describes the abandonment of
251 efforts to include, *e. g.,* campaign *251 songs, film excerpts, and documents exposing "horrors of the chain gang" in historical works or archives; and it points to examples in which copyright holders in effect have used their control of copyright to try to control the content of historical or cultural works. Brief for College Art Association et al. as *Amici Curiae* 7-13. The National Writers Union provides similar examples. Brief for National Writers Union et al. as *Amici Curiae* 25-27. Petitioners point to music fees that may prevent youth or community orchestras, or church choirs, from performing early 20th-century music. Brief for Petitioners 3-5; see also App. 16-17 (Copyright extension caused abandonment of plans to sell sheet music of Maurice Ravel's Alborada Del Gracioso). *Amici* for petitioners describe how electronic databases tend to avoid adding to their collections works whose copyright holders may prove difficult to contact, see, *e. g.,* Arms, Getting the Picture: Observations from the Library of Congress on Providing Online Access to Pictorial Images, 48 Library Trends 379, 405 (1999) (describing how this tendency applies to the Library of Congress' own digital archives).

As I have said, to some extent costs of this kind accompany any copyright law, regardless of the length of the copyright term. But to extend that term, preventing works from the 1920's and 1930's from falling into the public domain, will dramatically increase the size of the costs just as— perversely—the likely benefits from protection diminish. See *infra,* at 254-256. The older the work, the less likely it retains commercial value, and the harder it will likely prove to find the current copyright holder. The older the work, the more likely it will prove useful to the historian, artist, or teacher. The older the work, the less likely it is that a sense of authors' rights can justify a copyright holder's decision not to permit reproduction, for the more likely it is that the copyright holder making the decision is not the work's creator, but, say, a corporation or a great-grandchild whom the work's
252 creator never knew. Similarly, the costs of obtaining *252 permission, now perhaps ranging in the millions of dollars, will multiply as the number of holders of affected copyrights increases from several hundred thousand to several million. See *supra,* at 249-250. The costs to the users of nonprofit databases, now numbering in the low millions, will multiply as the use of those computer-assisted databases becomes more prevalent. See, *e. g.,* Brief for Internet Archive et al. as *Amici Curiae* 2, 21, and n. 37 (describing nonprofit Project Gutenberg). And the qualitative costs to education, learning, and research will multiply as our children become ever more dependent for the content of their knowledge upon computer-accessible databases—thereby condemning that which is not so accessible, say, the cultural content of early 20th-century history, to a kind of intellectual purgatory from which it will not easily emerge.

The majority finds my description of these permissions-related harms overstated in light of Congress' inclusion of a statutory exemption, which, during the last 20 years of a copyright term, exempts "facsimile or digital" reproduction by a "library or archives" "for purposes of preservation, scholarship, or research," 17 U. S. C. § 108(h). *Ante,* at 220. This exemption, however, applies only where the copy is made for the special listed purposes; it simply permits a library (not any other subsequent users) to make "a copy" for those purposes; it covers only "published" works not "subject to normal commercial exploitation" and not obtainable, apparently not even as a used copy, at a "reasonable price"; and it insists that the library assure itself through "reasonable investigation" that these conditions have been met. § 108(h). What database proprietor can rely on so limited an exemption—particularly when the phrase "reasonable investigation" is so open-ended and particularly if the database has commercial, as well as noncommercial, aspects?

The majority also invokes the "fair use" exception, and it notes that copyright law itself is restricted to protection of a work's
253 expression, not its substantive content. *Ante,* at *253 219-220. Neither the exception nor the restriction, however, would necessarily help those who wish to obtain from electronic databases material that is not there—say, teachers wishing their students to see albums of Depression Era photographs, to read the recorded words of those who actually lived under slavery, or to contrast, say, Gary Cooper's heroic portrayal of Sergeant York with filmed reality from the battlefield of Verdun. Such harm, and more, see *supra,* at 248-252, will occur despite the 1998 Act's exemptions and despite the other "First Amendment safeguards" in which the majority places its trust, *ante,* at 219-220.

I should add that the Motion Picture Association of America also finds my concerns overstated, at least with respect to films, because the extension will sometimes make it profitable to reissue old films, saving them from extinction. Brief for Motion Picture Association of America, Inc., as *Amicus Curiae* 14-24. Other film preservationists note, however, that only a small minority of the many films, particularly silent films, from the 1920's and 1930's have been preserved. 1 Report of the Librarian of Congress, Film Preservation 1993, pp. 3-4 (Half of all pre-1950 feature films and more than 80% of all such pre-1929 films have already been lost); cf. Brief for Hal Roach Studios et al. as *Amici Curiae* 18 (Out of 1,200 Twenties Era silent films still under copyright, 63 are now available on digital video disc). They seek to preserve the remainder. See, *e. g.,* Brief for Internet Archive et al. as *Amici Curiae* 22 (Nonprofit database digitized 1,001 public-domain films, releasing them online without charge); 1 Film Preservation 1993, *supra,* at 23 (reporting well over 200,000 titles held in public archives). And they tell us that copyright extension will impede preservation by forbidding the reproduction of films within their own or within other public collections. Brief for Hal Roach Studios et al. as *Amici Curiae* 10-21; see also Brief for Internet Archive et al. as *Amici Curiae* 16-29; Brief for American Association of Law Libraries et al. as *Amici Curiae* 26-27.

254 *254 Because this subsection concerns only costs, not countervailing benefits, I shall simply note here that, with respect to films as with respect to other works, extension does cause substantial harm to efforts to preserve and to disseminate works that were created long ago. And I shall turn to the second half of the equation: Could Congress reasonably have found that the extension's toll-related and permissions-related harms are justified by extension's countervailing preservationist incentives or in other ways?

C

What copyright-related benefits might justify the statute's extension of copyright protection? First, no one could reasonably conclude that copyright's traditional economic rationale applies here. The extension will not act as an economic spur encouraging authors to create new works. See *Mazer,* 347 U. S., at 219 (The "economic philosophy" of the Copyright Clause is to "advance public welfare" by "encourag[ing] individual effort" through "personal gain"); see also *ante,* at 212, n. 18 ("[C]opyright law serves public ends by providing individuals with an incentive to pursue private ones"). No potential author can reasonably believe that he has more than a tiny chance of writing a classic that will survive commercially long enough for the copyright extension to matter. After all, if, after 55 to 75 years, only 2% of all copyrights retain commercial value, the percentage surviving after 75 years or more (a typical pre-extension copyright term)—must be far smaller. See *supra,* at 248; CRS Report 7 (estimating that, even after copyright renewal, about 3.8% of copyrighted books go out of print each year). And any remaining monetary incentive is diminished dramatically by the fact that the relevant royalties will not arrive until 75 years or more into the future, when, not the author, but distant heirs, or shareholders in a successor corporation, will receive them. Using assumptions
255 about the time value of money provided us by a group of economists (including five *255 Nobel prize winners), Brief for George A. Akerlof et al. as *Amici Curiae* 5-7, it seems fair to say that, for example, a 1% likelihood of earning $100 annually for 20 years, starting *75 years into the future,* is worth less than seven cents today. See *id.,* App. 3a; see also CRS Report 5. See generally Appendix, Part A, *infra.*

What potential Shakespeare, Wharton, or Hemingway would be moved by such a sum? What monetarily motivated Melville would not realize that he could do better for his grandchildren by putting a few dollars into an interest-bearing bank account? The Court itself finds no evidence to the contrary. It refers to testimony before Congress (1) that the copyright system's incentives encourage creation, and (2) (referring to Noah Webster) that income earned from one work can help support an artist who "`continue[s] to create.'" *Ante,* at 208, n. 15. But the first of these amounts to no more than a set of undeniably true propositions about the value of incentives *in general.* And the applicability of the second to *this* Act is mysterious. How will extension help today's Noah Webster create new works 50 years after his death? Or is that hypothetical Webster supposed to support himself with the extension's present discounted value, *i. e.,* a few pennies? Or (to change the metaphor) is the argument that Dumas *fils* would have written more books had Dumas *père*'s Three Musketeers earned more royalties?

Regardless, even if this cited testimony were meant more specifically to tell Congress that somehow, somewhere, some potential author might be moved by the thought of great-grandchildren receiving copyright royalties a century hence, so might some potential author also be moved by the thought of royalties being paid for two centuries, five centuries, 1,000 years, "'til the End of Time." And from a rational economic perspective the time difference among these periods *makes no real difference.* The
256 present extension will produce a copyright period of protection that, even under conservative *256 assumptions, is worth more than *99.8%* of protection *in perpetuity* (more than *99.99%* for a songwriter like Irving Berlin and a song like Alexander's Ragtime Band). See Appendix, Part A, *infra.* The lack of a practically meaningful distinction from an author's *ex ante* perspective between (a) the statute's extended terms and (b) an infinite term makes this latest extension difficult to square with the Constitution's insistence on "limited Times." Cf. Tr. of Oral Arg. 34 (Solicitor General's related concession).

I am not certain why the Court considers it relevant in this respect that "[n]othing . . . warrants construction of the [1998 Act's] 20-year term extension as a congressional attempt to evade or override the `limited Times' constraint." *Ante,* at 209. Of course Congress did not intend to act unconstitutionally. But it may have sought to test the Constitution's limits. After all, the statute was named after a Member of Congress, who, the legislative history records, "wanted the term of copyright protection to last forever." 144 Cong. Rec. H9952 (daily ed. Oct. 7, 1998) (statement of Rep. Mary Bono). See also Copyright Term, Film Labeling, and Film Preservation Legislation: Hearings on H. R. 989 et al. before the Subcommittee on Courts and Intellectual Property of the House Judiciary Committee, 104th Cong., 1st Sess., 94 (1995) (hereinafter House Hearings) (statement of Rep. Sonny Bono) (questioning why copyrights should ever expire); *ibid.* (statement of Rep. Berman) ("I guess we could . . . just make a permanent moratorium on the expiration of copyrights"); *id.,* at 230 (statement of Rep. Hoke) ("Why 70 years? Why not forever? Why not 150 years?"); cf. *ibid.* (statement of the Register of Copyrights) (In Copyright Office proceedings, "[t]he Songwriters Guild suggested a perpetual term"); *id.,* at 234 (statement of Quincy Jones) ("I'm particularly fascinated with Representative Hoke's statement. . . . [W]hy not forever?"); *id.,* at 277 (statement of Quincy Jones) ("If we can start with 70, add
257 20, it would be a good start"). And the statute ended up creating a term so long that (were the vesting *257 of 19th-century real property at issue) it would typically violate the traditional rule against perpetuities. See 10 R. Powell, Real Property §§ 71.02[2]-[3], p. 71-11 (M. Wolf ed. 2002) (traditional rule that estate must vest, if at all, within lives in being plus 21 years); cf. *id.,* § 71.03, at 71-15 (modern statutory perpetuity term of 90 years, 5 years shorter than 95-year copyright terms).

In any event, the incentive-related numbers are far too small for Congress to have concluded rationally, even with respect to

new works, that the extension's economic-incentive effect could justify the serious expression-related harms earlier described. See Part II-B, *supra.* And, of course, in respect to works already created—the source of many of the harms previously described—*the statute creates no economic incentive at all.* See *ante,* at 226-227 (STEVENS, J., dissenting).

Second, the Court relies heavily for justification upon international uniformity of terms. *Ante,* at 196, 205-206. Although it can be helpful to look to international norms and legal experience in understanding American law, cf. *Printz* v. *United States,* 521 U. S. 898, 977 (1997) (BREYER, J., dissenting), in this case the justification based upon foreign rules is surprisingly weak. Those who claim that significant copyright-related benefits flow from greater international uniformity of terms point to the fact that the nations of the European Union have adopted a system of copyright terms uniform among themselves. And the extension before this Court implements a term of life plus 70 years that appears to conform with the European standard. But how does "uniformity" help to justify this statute?

Despite appearances, the statute does *not* create a uniform American-European term with respect to the lion's share of the economically significant works that it affects—*all* works made "for hire" and *all* existing works created prior to 1978. See
258 Appendix, Part B, *infra.* With respect to those works the American statute produces an extended term of 95 years *258 while comparable European rights in "for hire" works last for periods that vary from 50 years to 70 years to life plus 70 years. Compare 17 U. S. C. §§ 302(c), 304(a)-(b), with Council Directive 93/98/EEC of 29 October 1993 Harmonizing the Term of Protection of Copyright and Certain Related Rights, Arts. 1-3, 1993 Official J. Eur. Coms. (L 290), pp. 11-12 (hereinafter EU Council Directive 93/98). Neither does the statute create uniformity with respect to anonymous or pseudonymous works. Compare 17 U. S. C. §§ 302(c), 304(a)-(b), with EU Council Directive 93/98, Art. 1, p. 11.

The statute does produce uniformity with respect to copyrights in new, post-1977 works attributed to natural persons. Compare 17 U. S. C. § 302(a) with EU Council Directive 93/98, Art. 1(1), p. 11. But these works constitute only a subset (likely a minority) of works that retain commercial value after 75 years. See Appendix, Part B, *infra.* And the fact that uniformity comes so late, if at all, means that bringing American law into conformity with this particular aspect of European law will neither encourage creation nor benefit the long-dead author in any other important way.

What benefit, then, might this partial future uniformity achieve? The majority refers to "greater incentive for American and other authors to create and disseminate their work in the United States," and cites a law review article suggesting a need to "`avoid competitive disadvantages.'" *Ante,* at 206. The Solicitor General elaborates on this theme, postulating that because uncorrected disuniformity would permit Europe, not the United States, to hold out the prospect of protection lasting for "life plus 70 years" (instead of "life plus 50 years"), a potential author might decide to publish initially in Europe, delaying American publication. Brief for Respondent 38. And the statute, by creating a uniformly longer term, corrects for the disincentive that this disuniformity might otherwise produce.

259 That disincentive, however, could not possibly bring about serious harm of the sort that the Court, the Solicitor General, *259 or the law review author fears. For one thing, it is unclear just who will be hurt and how, should American publication come second—for the Berne Convention still offers full protection as long as a second publication is delayed by 30 days. See Berne Conv. Arts. 3(4), 5(4). For another, few, if any, potential authors would turn a "where to publish" decision upon this particular difference in the length of the copyright term. As we have seen, the present commercial value of any such difference amounts at most to comparative pennies. See *supra,* at 254-256. And a commercial decision that turned upon such a difference would have had to have rested previously upon a knife edge so fine as to be invisible. A rational legislature could not give major weight to an invisible, likely nonexistent incentive-related effect.

But if there is no incentive-related benefit, what is the benefit of the future uniformity that the statute only partially achieves? Unlike the Copyright Act of 1976, this statute does not constitute part of an American effort to conform to an important international treaty like the Berne Convention. See H. R. Rep. No. 94-1476, pp. 135-136 (1976) (The 1976 Act's life-plus-50 term was "required for adherence to the Berne Convention"); S. Rep. No. 94-473, p. 118 (1975) (same). Nor does European acceptance of the longer term seem to reflect more than special European institutional considerations, *i. e.,* the needs of, and the international politics surrounding, the development of the European Union. House Hearings 230 (statement of the Register of Copyrights); *id.,* at 396-398 (statement of J. Reichman). European and American copyright law have long coexisted despite important differences, including Europe's traditional respect for authors' "moral rights" and the absence in Europe of constitutional restraints that restrict copyrights to "limited Times." See, *e. g.,* Kwall, Copyright and the Moral Right: Is an American Marriage Possible? 38 Vand. L. Rev. 1-3 (1985) (moral rights); House Hearings 187 (testimony of the Register of Copyrights) ("limited [T]imes").

260 *260 In sum, the partial, future uniformity that the 1998 Act promises cannot reasonably be said to justify extension of the copyright term for new works. And concerns with uniformity cannot possibly justify the extension of the new term to older works, for the statute there creates no uniformity at all.

Third, several publishers and filmmakers argue that the statute provides incentives to *those who act as publishers* to republish and to redistribute older copyrighted works. This claim cannot justify this statute, however, because the rationale is inconsistent with the basic purpose of the Copyright Clause—as understood by the Framers and by this Court. The Clause assumes an initial grant of monopoly, designed primarily to encourage creation, followed by termination of the monopoly grant in order to promote dissemination of already-created works. It assumes that it is the *disappearance* of the monopoly grant, not its *perpetuation,* that will, on balance, promote the dissemination of works already in existence. This view of the Clause does not deny the empirical possibility that grant of a copyright monopoly to the heirs or successors of a long-dead author could *on occasion* help publishers resurrect the work, say, of a long-lost Shakespeare. But it does deny Congress the Copyright Clause power to base its actions primarily upon that empirical possibility —lest copyright grants become perpetual, lest on balance they restrict dissemination, lest too often they seek to bestow benefits that are solely retroactive.

This view of the Clause finds strong support in the writings of Madison, in the antimonopoly environment in which the Framers wrote the Clause, and in the history of the Clause's English antecedent, the Statute of Anne—a statute which sought to break up a publishers' monopoly by offering, as an alternative, an author's monopoly of limited duration. See Patterson, Understanding the Copyright Clause, 47 J. Copyright Soc. 365, 379 (2000) (Statute of Anne); L. Patterson, Copyright in
261 Historical Perspective 144-147 (1968) *261 (same); Madison on Monopolies 756-757; Papers of Thomas Jefferson 442-443; The Constitutional Convention and the Formation of the Union 334, 338 (W. Solberg 2d ed. 1990); see also *supra,* at 246-247.

This view finds virtually conclusive support in the Court's own precedents. See *Sony,* 464 U.S., at 429 (The Copyright Clause is "intended . . . to allow the public access ... after the limited period of exclusive control"); *Stewart,* 495 U. S., at 228 (The copyright term is limited to avoid "permanently depriv[ing]" the public of "the fruits of an artist's labors"); see also *supra,* at 245-246.

This view also finds textual support in the Copyright Clause's word "limited." Cf. J. Story, Commentaries on the Constitution § 558, p. 402 (R. Rotunda & J. Nowak eds. 1987) (The Copyright Clause benefits the public in part because it "admit[s] the people at large, after a *short* interval, to the full possession and enjoyment of all writings . . . without restraint" (emphasis added)). It finds added textual support in the word "Authors," which is difficult to reconcile with a rationale that rests entirely upon incentives given to publishers perhaps long after the death of the work's creator. Cf. *Feist Publications, Inc.* v. *Rural Telephone Service Co.,* 499 U. S. 340, 346-347 (1991).

It finds empirical support in sources that underscore the wisdom of the Framers' judgment. See CRS Report 3 ("[N]ew, cheaper editions can be expected when works come out of copyright"); see also Part II-B, *supra.* And it draws logical support from the endlessly self-perpetuating nature of the publishers' claim and the difficulty of finding any kind of logical stopping place were this Court to accept such a uniquely publisher-related rationale. (Would it justify continuing to extend copyrights indefinitely, say, for those granted to F. Scott Fitzgerald or his lesser known contemporaries? Would it not, in principle, justify continued protection of
262 the works of Shakespeare, Melville, Mozart, or perhaps Salieri, Mozart's currently less popular contemporary? *262 Could it justify yet further extension of the copyright on the song Happy Birthday to You (melody first published in 1893, song copyrighted after litigation in 1935), *still in effect* and currently owned by a subsidiary of AOL Time Warner? See Profitable "Happy Birthday," Times of London, Aug. 5, 2000, p. 6.)

Given this support, it is difficult to accept the conflicting rationale that the publishers advance, namely, that extension, rather than limitation, of the grant will, by rewarding publishers with a form of monopoly, promote, rather than retard, the dissemination of works already in existence. Indeed, given these considerations, this rationale seems constitutionally perverse—unable, constitutionally speaking, to justify the blanket extension here at issue. Cf. *ante,* at 239-240 (STEVENS, J., dissenting).

263 Fourth, the statute's legislative history suggests another possible justification. That history refers frequently to the financial assistance the statute will bring the entertainment industry, particularly through the promotion of exports. See, *e. g.,* S. Rep. No. 104-315, p. 3 (1996) ("The purpose of the bill is to ensure adequate copyright protection for American works in foreign nations and the continued economic benefits of a healthy surplus balance of trade"); 144 Cong. Rec., at H9951 (statement of Rep. Foley) (noting "the importance of this issue to America's creative community," "[w]hether it is Sony, BMI, Disney," or other companies). I recognize that Congress has sometimes found that suppression of competition will help Americans sell abroad

—though it has simultaneously taken care to protect American buyers from higher domestic prices. See, *e. g.,* Webb-Pomerene Act (Export Trade), 40 Stat. 516, as amended, 15 U. S. C. §§61-65; see also IA P. Areeda & H. Hovenkamp, Antitrust Law ¶ 251a, pp. 134-137 (2d ed. 2000) (criticizing export cartels). In doing so, however, Congress has exercised its commerce, not its copyright, power. I can find nothing in the Copyright Clause that would authorize Congress to enhance the *263 copyright grant's monopoly power, likely leading to higher prices both at home and abroad, *solely* in order to produce higher foreign earnings. That objective is not a *copyright* objective. Nor, standing alone, is it related to any other objective more closely tied to the Clause itself. Neither can higher corporate profits alone justify the grant's enhancement. The Clause seeks public, not private, benefits.

Finally, the Court mentions as possible justifications "demographic, economic, and technological changes"—by which the Court apparently means the facts that today people communicate with the help of modern technology, live longer, and have children at a later age. *Ante,* at 206-207, and n. 14. The first fact seems to argue not for, but instead against, extension. See Part II-B, *supra.* The second fact seems already corrected for by the 1976 Act's life-plus-50 term, which automatically grows with lifespans. Cf. Department of Health and Human Services, Centers for Disease Control and Prevention, Deaths: Final Data for 2000 (2002) (Table 8) (reporting a 4-year increase in expected lifespan between 1976 and 1998). And the third fact—that adults are having children later in life—is a makeweight at best, providing no explanation of why the 1976 Act's term of 50 years after an author's death—a longer term than was available to authors themselves for most of our Nation's history—is an insufficient potential bequest. The weakness of these final rationales simply underscores the conclusion that emerges from consideration of earlier attempts at justification: There is no legitimate, serious copyright-related justification for this statute.

III

The Court is concerned that our holding in this case not inhibit the broad decisionmaking leeway that the Copyright Clause grants Congress. *Ante,* at 204-205, 208, 222. It is concerned about the implications of today's decision for the Copyright Act of
264 1976—an Act that changed copyright's basic term from 56 years (assuming renewal) to life of the *264 author plus 50 years, *ante,* at 194-195. *Ante,* at 222. It is concerned about having to determine just how many years of copyright is too many—a determination that it fears would require it to find the "right" constitutional number, a task for which the Court is not well suited. See *ibid.;* but cf. *ante,* at 210, n. 17.

I share the Court's initial concern, about intrusion upon the decisionmaking authority of Congress. See *ante,* at 205, n. 10. But I do not believe it intrudes upon that authority to find the statute unconstitutional on the basis of (1) a legal analysis of the Copyright Clause's objectives, see *supra,* at 245-248, 260-263; (2) the total implausibility of any incentive effect, see *supra,* at 254-257; and (3) the statute's apparent failure to provide significant international uniformity, see *supra,* at 257-260. Nor does it intrude upon congressional authority to consider rationality in light of the expressive values underlying the Copyright Clause, related as it is to the First Amendment, and given the constitutional importance of correctly drawing the relevant Clause/Amendment boundary. *Supra,* at 243-245. We cannot avoid the need to examine the statute carefully by saying that "Congress has not altered the traditional contours of copyright protection," *ante,* at 221, for the sentence points to the question, rather than the answer. Nor should we avoid that examination here. That degree of judicial vigilance—at the far outer boundaries of the Clause—is warranted if we are to avoid the monopolies and consequent restrictions of expression that the Clause, read consistently with the First Amendment, seeks to preclude. And that vigilance is all the more necessary in a new century that will see intellectual property rights and the forms of expression that underlie them play an ever more important role in the Nation's economy and the lives of its citizens.

I do not share the Court's concern that my view of the 1998 Act could automatically doom the 1976 Act. Unlike the present
265 statute, the 1976 Act thoroughly revised copyright law and enabled the United States to join the Berne Convention *265 —an international treaty that requires the 1976 Act's basic life-plus-50 term as a condition for substantive protections from a copyright's very inception, Berne Conv. Art. 7(1). Consequently, the balance of copyright-related harms and benefits there is far less one sided. The same is true of the 1909 and 1831 Acts, which, in any event, provided for maximum terms of 56 years or 42 years while requiring renewal after 28 years, with most copyrighted works falling into the public domain after that 28-year period, well before the putative maximum terms had elapsed. See *ante,* at 194; Statistical History 956-957. Regardless, the law provides means to protect those who have reasonably relied upon prior copyright statutes. See *Heckler* v. *Mathews,* 465 U. S. 728, 746 (1984). And, in any event, we are not here considering, and we need not consider, the constitutionality of other copyright statutes.

Neither do I share the Court's aversion to line-drawing in this case. Even if it is difficult to draw a single clear bright line, the Court could easily decide (as I would decide) that this particular statute simply goes too far. And such examples —of what goes too far—sometimes offer better constitutional guidance than more absolute-sounding rules. In any event, "this Court sits" in part to decide when a statute exceeds a constitutional boundary. See *Panhandle Oil,* 277 U. S., at 223 (Holmes, J., dissenting). In my view, "[t]ext, history, and precedent," *ante,* at 199, support both the need to draw lines in general and the need to draw the line here short of this statute. See *supra,* at 242-248, 260-263. But see *ante,* at 199, n. 4.

Finally, the Court complains that I have not "restrained" my argument or "train[ed my] fire, as petitioners do, on Congress' choice to place existing and future copyrights in parity." *Ante,* at 193, n. 1, and 199, n. 4. The reason that I have not so limited my argument is my willingness to accept, for purposes of this opinion, the Court's understanding that, for reasons of "[j]ustice, 266 policy, and equity"—as well as established *266 historical practice—it is not "categorically beyond Congress' authority" to "exten[d] the duration of existing copyrights" to achieve such parity. *Ante,* at 204 (internal quotation marks omitted). I have accepted this view, however, only for argument's sake—putting to the side, for the present, JUSTICE STEVENS' persuasive arguments to the contrary, *ante,* at 226-242 (dissenting opinion). And I make this assumption only to emphasize the lack of rational justification for the present statute. A desire for "parity" between *A* (old copyrights) and *B* (new copyrights) cannot justify extending *A* when there is no rational justification for extending *B.* At the very least (if I put aside my rationality characterization), to ask *B* to support *A* here is like asking Tom Thumb to support Paul Bunyan's ox. Where the case for extending new copyrights is itself so weak, what "justice," what "policy," what "equity" can warrant the tolls and barriers that extension of existing copyrights imposes?

IV

This statute will cause serious expression-related harm. It will likely restrict traditional dissemination of copyrighted works. It will likely inhibit new forms of dissemination through the use of new technology. It threatens to interfere with efforts to preserve our Nation's historical and cultural heritage and efforts to use that heritage, say, to educate our Nation's children. It is easy to understand how the statute might benefit the private financial interests of corporations or heirs who own existing copyrights. But I cannot find any constitutionally legitimate, copyright-related way in which the statute will benefit the public. Indeed, in respect to existing works, the serious public harm and the virtually nonexistent public benefit could not be more clear.

I have set forth the analysis upon which I rest these judgments. This analysis leads inexorably to the conclusion that the statute 267 cannot be understood rationally to advance a constitutionally legitimate interest. The statute falls outside *267 the scope of legislative power that the Copyright Clause, read in light of the First Amendment, grants to Congress. I would hold the statute unconstitutional.

I respectfully dissent.

APPENDIX TO OPINION OF BREYER, J.

A

The text's estimates of the economic value of 1998 Act copyrights relative to the economic value of a perpetual copyright, *supra,* at 255-256, as well as the incremental value of a 20-year extension of a 75-year term, *supra,* at 254-255, rest upon the conservative future value and discount rate assumptions set forth in the brief of economist *amici.* Brief for George A. Akerlof et al. as *Amici Curiae* 5-7. Under these assumptions, if an author expects to live 30 years after writing a book, the copyright extension (by increasing the copyright term from "life of the author plus 50 years" to "life of the author plus 70 years") increases the author's expected income from that book—*i. e.,* the economic incentive to write—by no more than about 0.33%. *Id.,* at 6.

The text assumes that the extension creates a term of 95 years (the term corresponding to works made for hire and for all existing pre-1978 copyrights). Under the economists' conservative assumptions, the value of a 95-year copyright is slightly more than 99.8% of the value of a perpetual copyright. See also Tr. of Oral Arg. 50 (Petitioners' statement of the 99.8% figure). If a "life plus 70" term applies, and if an author lives 78 years after creation of a work (as with Irving Berlin and Alexander's Ragtime Band), the same assumptions yield a figure of 99.996%.

The most unrealistically conservative aspect of these assumptions, *i. e.,* the aspect most unrealistically favorable to the majority, is the assumption of a constant future income stream. In fact, as noted in the text, *supra,* at 248, uncontested data indicate that
268 no author could rationally expect *268 that a stream of copyright royalties will be constant forever. Indeed, only about 2% of copyrights can be expected to retain commercial value at the end of 55 to 75 years. *Ibid.* Thus, in the overwhelming majority of cases, the ultimate value of the extension to copyright holders will be zero, and the economic difference between the extended copyright and a perpetual copyright will be zero.

Nonetheless, there remains a small 2% or so chance that a given work will remain profitable. The CRS Report suggests a way to take account of both that likelihood and the related "decay" in a work's commercial viability: Find the annual decay rate that corresponds to the percentage of works that become commercially unavailable in any given year, and then discount the revenue for each successive year accordingly. See CRS Report 7. Following this approach, if one estimates, conservatively, that a full 2% of all works survives at the end of 75 years, the corresponding annual decay rate is about 5%. I instead (and again conservatively) use the 3.8% decay rate the CRS has applied in the case of books whose copyrights were renewed between 1950 and 1970. *Ibid.* Using this 3.8% decay rate and the economist *amici*'s proposed 7% discount rate, the value of a 95-year copyright is more realistically estimated not as 99.8%, but as 99.996% of the value of a perpetual copyright. The comparable "Irving Berlin" figure is 99.99999%. (With a 5% decay rate, the figures are 99.999% and 99.999998%, respectively.) Even these figures seem likely to be underestimates in the sense that they assume that, if a work is still commercially available, it earns as much as it did in a year shortly after its creation.

B

Conclusions regarding the economic significance of "works made for hire" are judgmental because statistical information about the ratio of "for hire" works to all works is scarce. Cf. *Community for Creative Non-Violence* v. *Reid,* 490 U. S. 730, 737-738, n.
269 4 (1989). But we know that, as of 1955, *269 copyrights on "for hire" works accounted for 40% of newly registered copyrights. Varmer, Works Made for Hire and on Commission, Study No. 13, in Copyright Law Revision Studies Nos. 1-19, prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary, 86th Cong., 2d Sess., 139, n. 49 (Comm. Print 1960). We also know that copyrights on works typically made for hire—feature-length movies—were renewed, and since the 1930's apparently have remained commercially viable, at a higher than average rate. CRS Report 13-14. Further, we know that "harmonization" looks to benefit United States exports, see, *e. g.,* H. R. Rep. No. 105-452, p. 4 (1998), and that films and sound recordings account for the dominant share of export revenues earned by new copyrighted works of potential lasting commercial value (*i. e.,* works other than computer software), S. Siwek, Copyright Industries in the U. S. Economy: The 2002 Report 17. It also appears generally accepted that, in these categories, "for hire" works predominate. *E. g.,* House Hearings 176 (testimony of the Register of Copyrights) ("[A]udiovisual works are generally works made for hire"). Taken together, these circumstances support the conclusion in the text that the extension fails to create uniformity where it would appear to be most important—pre-1978 copyrighted works nearing the end of their pre-extension terms, and works made for hire.

[*] Briefs of *amici curiae* urging reversal were filed for the American Association of Law Libraries et al. by *Arnold P. Lutzker* and *Carl H. Settlemyer III;* for the College Art Association et al. by *Jeffrey P. Cunard* and *Bruce P. Keller;* for the Eagle Forum Education & Legal Defense Fund et al. by *Karen Tripp* and *Phyllis Schlafly;* for the Free Software Foundation by *Eben Moglen;* for Intellectual Property Law Professors by *Jonathan Weinberg;* for the Internet Archive et al. by *Deirdre K. Mulligan, Mark A. Lemley,* and *Steven M. Harris;* and for Jack M. Balkin et al. by *Burt Neuborne.*

Briefs of *amici curiae* urging affirmance were filed for the American Intellectual Property Law Association by *Baila H. Celedonia, Mark E. Haddad,* and *Roger W. Parkhurst;* for the American Society of Composers, Authors and Publishers et al. by *Carey R. Ramos, Peter L. Felcher, Drew S. Days III, Beth S. Brinkmann,* and *Paul Goldstein;* for Amsong, Inc., by *Dorothy M. Weber;* for AOL Time Warner, Inc., by *Kenneth W. Starr, Richard A. Cordray, Daryl Joseffer, Paul T. Cappuccio, Edward J. Weiss,* and *Shira Perlmutter;* for the Association of American Publishers et al. by *Charles S. Sims* and *Jon A. Baumgarten;* for the Bureau of National Affairs, Inc., et al. by *Paul Bender* and *Michael R. Klipper;* for the Directors Guild of America et al. by *George H. Cohen, Leon Dayan,* and *Laurence Gold;* for Dr. Seuss Enterprises, L. P., et al. by *Karl ZoBell, Nancy O. Dix, Cathy Ann Bencivengo, Randall E. Kay,* and *Herbert B. Cheyette;* for the Intellectual Property Owners Association by *Charles D. Ossola* and *Ronald E. Myrick;* for the International Coalition for Copyright Protection by *Eric Lieberman;* for the Motion Picture Association of America, Inc., by *Seth P. Waxman, Randolph D. Moss, Edward C. DuMont, Neil M. Richards,* and *Simon Barsky;* for the Recording Artists Coalition by *Thomas G. Corcoran, Jr.;* for the Recording Industry Association of America by *Donald B. Verrilli, Jr., Thomas J. Perrelli, William M. Hohengarten, Matthew J. Oppenheim,* and *Stanley Pierre-Louis;* for the Songwriters Guild of America by *Floyd Abrams* and *Joel Kurtzberg;* for Jack Beeson et al. by *I. Fred Koenigsberg* and *Gaela K. Gehring Flores;* for Senator Orrin G. Hatch by *Thomas R. Lee;* for *Edward Samuels,*

pro se; and for Representative F. James Sensenbrenner, Jr., et al. by *Arthur B. Culvahouse, Jr.,* and *Robert M. Schwartz.*

Briefs of *amici curiae* were filed for Hal Roach Studios et al. by *H. Jefferson Powell* and *David Lange;* for Intel Corp. by *James M. Burger;* for the Nashville Songwriters Association International by *Stephen K. Rush;* for the New York Intellectual Property Law Association by *Bruce M. Wexler* and *Peter Saxon;* for the National Writers Union et al. by *Peter Jaszi;* for the Progressive Intellectual Property Law Association et al. by *Michael H. Davis;* for George A. Akerlof et al. by *Roy T. Englert, Jr.;* for Tyler T. Ochoa et al. by *Mr. Ochoa;* and for *Malla Pollack, pro se.*

[1] JUSTICE BREYER's dissent is not similarly restrained. He makes no effort meaningfully to distinguish existing copyrights from future grants. See, *e. g., post,* at 242-243, 254-260, 264-266. Under his reasoning, the CTEA's 20-year extension is globally unconstitutional.

[2] Asserting that the last several decades have seen a proliferation of copyright legislation in departure from Congress' traditional pace of legislative amendment in this area, petitioners cite nine statutes passed between 1962 and 1974, each of which incrementally extended existing copyrights for brief periods. See Pub. L. 87-668, 76 Stat. 555; Pub. L. 89-142, 79 Stat. 581; Pub. L. 90-141, 81 Stat. 464; Pub. L. 90-416, 82 Stat. 397; Pub. L. 91-147, 83 Stat. 360; Pub. L. 91-555, 84 Stat. 1441; Pub. L. 92-170, 85 Stat. 490; Pub. L. 92-566, 86 Stat. 1181; Pub. L. 93-573, Title I, 88 Stat. 1873. As respondent (Attorney General Ashcroft) points out, however, these statutes were all temporary placeholders subsumed into the systemic changes effected by the 1976 Act. Brief for Respondent 9.

[3] Petitioners argue that the 1790 Act must be distinguished from the later Acts on the ground that it covered existing *works* but did not extend existing *copyrights.* Reply Brief 3-7. The parties disagree on the question whether the 1790 Act's copyright term should be regarded in part as compensation for the loss of any then existing state- or common-law copyright protections. See Brief for Petitioners 28-30; Brief for Respondent 17, n. 9; Reply Brief 3-7. Without resolving that dispute, we underscore that the First Congress clearly did confer copyright protection on works that had already been created.

[4] We note again that JUSTICE BREYER makes no such concession. See *supra,* at 193, n. 1. He does not train his fire, as petitioners do, on Congress' choice to place existing and future copyrights in parity. Moving beyond the bounds of the parties' presentations, and with abundant policy arguments but precious little support from precedent, he would condemn Congress' entire product as irrational.

[5] This approach comported with English practice at the time. The Statute of Anne, 1710, 8 Ann. c. 19, provided copyright protection to books not yet composed or published, books already composed but not yet published, and books already composed and published. See *ibid.* ("[T]he author of any book or books already composed, and not printed and published, or that shall hereafter be composed, and his assignee or assigns, shall have the sole liberty of printing and reprinting such book and books for the term of fourteen years, to commence from the day of the first publishing the same, and no longer."); *ibid.* ("[T]he author of any book or books already printed ... or the bookseller or booksellers, printer or printers, or other person or persons, who hath or have purchased or acquired the copy or copies of any book or books, in order to print or reprint the same, shall have the sole right and liberty of printing such book and books for the term of one and twenty years, to commence from the said tenth day of April, and no longer.").

JUSTICE STEVENS stresses the rejection of a proposed amendment to the Statute of Anne that would have extended the term of existing copyrights, and reports that opponents of the extension feared it would perpetuate the monopoly position enjoyed by English booksellers. *Post,* at 232-233, and n. 9. But the English Parliament confronted a situation that never existed in the United States. Through the late 17th century, a government-sanctioned printing monopoly was held by the Stationers' Company, "the ancient London guild of printers and booksellers." M. Rose, Authors and Owners: The Invention of Copyright 4 (1993); see L. Patterson, Copyright in Historical Perspective ch. 3 (1968). Although that legal monopoly ended in 1695, concerns about monopolistic practices remained, and the 18th-century English Parliament was resistant to any enhancement of booksellers' and publishers' entrenched position. See Rose, *supra,* at 52-56. In this country, in contrast, competition among publishers, printers, and booksellers was "intens[e]" at the time of the founding, and "there was not even a rough analog to the Stationers' Company on the horizon." Nachbar, Constructing Copyright's Mythology, 6 Green Bag 2d 37, 45 (2002). The Framers guarded against the future accumulation of monopoly power in booksellers and publishers by authorizing Congress to vest copyrights only in "Authors." JUSTICE STEVENS does not even attempt to explain how Parliament's response to England's experience with a publishing monopoly may be construed to impose a constitutional limitation on Congress' power to extend copyrights granted to "Authors."

[6] Moreover, the precise duration of a federal copyright has never been fixed at the time of the initial grant. The 1790 Act provided a federal copyright term of 14 years from the work's publication, renewable for an additional 14 years *if* the author survived and applied for an additional term. § 1. Congress retained that approach in subsequent statutes. See *Stewart* v. *Abend,* 495 U.S. 207, 217 (1990) ("Since the earliest copyright statute in this country, the copyright term of ownership has been split between an original term and a renewal term."). Similarly, under the method for measuring copyright terms established by the 1976 Act and retained by the CTEA, the baseline copyright term is measured in part by the life of the author, rendering its duration indeterminate at the time of the grant. See 1976 Act § 302(a); 17 U.S.C. § 302(a).

[7] JUSTICE STEVENS would sweep away these decisions, asserting that *Graham* v. *John Deere Co. of Kansas City,* 383 U.S. 1 (1966), "flatly contradicts" them. *Post,* at 237. Nothing but wishful thinking underpins that assertion. The controversy in *Graham* involved no patent extension. *Graham* addressed an invention's very eligibility for patent protection, and spent no words on Congress' power to enlarge a patent's duration.

[8] JUSTICE STEVENS recites words from *Sears, Roebuck & Co.* v. *Stiffel Co.,* 376 U.S. 225 (1964), supporting the uncontroversial proposition that a State may not "extend the life of a patent beyond its expiration date," *id.,* at 231, then boldly asserts that for the same reasons Congress may not do so either. See *post,* at 222, 226. But *Sears* placed no reins on Congress' authority to extend a patent's life. The full sentence in

Sears, from which JUSTICE STEVENS extracts words, reads: "Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents." 376 U.S., at 231. The point insistently made in *Sears* is no more and no less than this: *States* may not enact measures inconsistent with the federal patent laws. *Ibid.* ("[A] State cannot encroach upon the federal patent laws directly ... [and] cannot ... give protection of a kind that clashes with the objectives of the federal patent laws."). A decision thus rooted in the Supremacy Clause cannot be turned around to shrink congressional choices.

Also unavailing is JUSTICE STEVENS' appeal to language found in a private letter written by James Madison. *Post,* at 230, n. 6; see also dissenting opinion of BREYER, J., *post,* at 246-247, 260, 261. Respondent points to a better "demonstrat[ion]," *post,* at 226, n. 3 (STEVENS, J., dissenting), of Madison's and other Framers' understanding of the scope of Congress' power to extend patents: "[T]hen-President Thomas Jefferson — the first administrator of the patent system, and perhaps the Founder with the narrowest view of the copyright and patent powers — signed the 1808 and 1809 patent term extensions into law; ... James Madison, who drafted the Constitution's `limited Times' language, issued the extended patents under those laws as Secretary of State; and ... Madison as President signed another patent term extension in 1815." Brief for Respondent 15.

[9] JUSTICE STEVENS reads *McClurg* to convey that "Congress cannot change the bargain between the public and the patentee in a way that disadvantages the patentee." *Post,* at 239. But *McClurg* concerned no such change. To the contrary, as JUSTICE STEVENS acknowledges, *McClurg* held that use of an invention by the patentee's employer did not invalidate the inventor's 1834 patent, "even if it might have had that effect prior to the amendment of the patent statute in 1836." *Post,* at 239. In other words, *McClurg* evaluated the patentee's rights not simply in light of the patent law in force at the time the patent issued, but also in light of "such changes as ha[d] been since made." 1 How., at 206. It is thus inescapably plain that *McClurg* upheld the application of expanded patent protection to an existing patent.

[10] JUSTICE BREYER would adopt a heightened, three-part test for the constitutionality of copyright enactments. *Post,* at 245. He would invalidate the CTEA as irrational in part because, in his view, harmonizing the United States and European Union baseline copyright terms "apparent[ly]" fails to achieve "significant" uniformity. *Post,* at 264. But see *infra* this page and 206. The novelty of the "rational basis" approach he presents is plain. Cf. *Board of Trustees of Univ. of Ala.* v. *Garrett,* 531 U.S. 356, 383 (2001) (BREYER, J., dissenting) ("Rational-basis review — with its presumptions favoring constitutionality — is `a paradigm of *judicial* restraint.'" (quoting *FCC* v. *Beach Communications, Inc.,* 508 U.S. 307, 314 (1993))). Rather than subjecting Congress' legislative choices in the copyright area to heightened judicial scrutiny, we have stressed that "it is not our role to alter the delicate balance Congress has labored to achieve." *Stewart* v. *Abend,* 495 U.S., at 230; see *Sony Corp. of America* v. *Universal City Studios, Inc.,* 464 U.S. 417, 429 (1984). Congress' exercise of its Copyright Clause authority must be rational, but JUSTICE BREYER'S stringent version of rationality is unknown to our literary property jurisprudence.

[11] Responding to an inquiry whether copyrights could be extended "forever," Register of Copyrights Marybeth Peters emphasized the dominant reason for the CTEA: "There certainly are proponents of perpetual copyright: We heard that in our proceeding on term extension. The Songwriters Guild suggested a perpetual term. However, our Constitution says limited times, but there really isn't a very good indication on what limited times is. The reason why you're going to life-plus-70 today is because Europe has gone that way . . . ." Copyright Term, Film Labeling, and Film Preservation Legislation: Hearings on H. R. 989 et al. before the Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary, 104th Cong., 1st Sess., 230 (1995) (hereinafter House Hearings).

[12] The author of the law review article cited in text, Shira Perlmutter, currently a vice president of AOL Time Warner, was at the time of the CTEA's enactment Associate Register for Policy and International Affairs, United States Copyright Office.

[13] See also Austin, Does the Copyright Clause Mandate Isolationism? 26 Colum. J. L. & Arts 17, 59 (2002) (cautioning against "an isolationist reading of the Copyright Clause that is in tension with ... America's international copyright relations over the last hundred or so years").

[14] Members of Congress expressed the view that, as a result of increases in human longevity and in parents' average age when their children are born, the pre-CTEA term did not adequately secure "the right to profit from licensing one's work during one's lifetime and to take pride and comfort in knowing that one's children — and perhaps their children — might also benefit from one's posthumous popularity." 141 Cong. Rec. 6553 (1995) (statement of Sen. Feinstein); see 144 Cong. Rec. S12377 (daily ed. Oct. 12, 1998) (statement of Sen. Hatch) ("Among the main developments [compelling reconsideration of the 1976 Act's term] is the effect of demographic trends, such as increasing longevity and the trend toward rearing children later in life, on the effectiveness of the life-plus-50 term to provide adequate protection for American creators and their heirs."). Also cited was "the failure of the U.S. copyright term to keep pace with the substantially increased commercial life of copyrighted works resulting from the rapid growth in communications media." *Ibid.* (statement of Sen. Hatch); cf. *Sony,* 464 U.S., at 430-431 ("From its beginning, the law of copyright has developed in response to significant changes in technology. . . . [A]s new developments have occurred in this country, it has been the Congress that has fashioned the new rules that new technology made necessary.").

[15] JUSTICE BREYER urges that the economic incentives accompanying copyright term extension are too insignificant to "mov[e]" any author with a "rational economic perspective." *Post,* at 255; see *post,* at 254-257. Calibrating rational economic incentives, however, like "fashion[ing] ... new rules [in light of] new technology," *Sony,* 464 U.S., at 431, is a task primarily for Congress, not the courts. Congress heard testimony from a number of prominent artists; each expressed the belief that the copyright system's assurance of fair compensation for themselves and their heirs was an incentive to create. See, *e. g.,* House Hearings 233-239 (statement of Quincy Jones); Copyright Term Extension Act of 1995: Hearing before the Senate Committee on the Judiciary, 104th Cong., 1st Sess., 55-56 (1995) (statement of Bob Dylan); *id.,* at 56-57 (statement

of Don Henley); *id.,* at 57 (statement of Carlos Santana). We would not take Congress to task for crediting this evidence which, as JUSTICE BREYER acknowledges, reflects general "propositions about the value of incentives" that are "undeniably true." *Post,* at 255.

Congress also heard testimony from Register of Copyrights Marybeth Peters and others regarding the economic incentives created by the CTEA. According to the Register, extending the copyright for existing works "could ... provide additional income that would finance the production and publication of new works." House Hearings 158. "Authors would not be able to continue to create," the Register explained, "unless they earned income on their finished works. The public benefits not only from an author's original work but also from his or her further creations. Although this truism may be illustrated in many ways, one of the best examples is Noah Webster[,] who supported his entire family from the earnings on his speller and grammar during the twenty years he took to complete his dictionary." *Id.,* at 165.

[16] JUSTICE BREYER agrees that "Congress did not intend to act unconstitutionally" when it enacted the CTEA, *post,* at 256, yet in his very next breath, he seems to make just that accusation, *ibid.* What else is one to glean from his selection of scattered statements from individual Members of Congress? He does not identify any statement in the statutory text that installs a perpetual copyright, for there is none. But even if the statutory text were sufficiently ambiguous to warrant recourse to legislative history, JUSTICE BREYER'S selections are not the sort to which this Court accords high value: "In surveying legislative history we have repeatedly stated that the authoritative source for finding the Legislature's intent lies in the Committee Reports on the bill, which `represen[t] the considered and collective understanding of those [Members of Congress] involved in drafting and studying proposed legislation.'" *Garcia* v. *United States,* 469 U.S. 70, 76 (1984) (quoting *Zuber* v. *Allen,* 396 U.S. 168, 186 (1969)). The House and Senate Reports accompanying the CTEA reflect no purpose to make copyright a forever thing. Notably, the Senate Report expressly acknowledged that the Constitution "clearly precludes Congress from granting unlimited protection for copyrighted works," S. Rep. No. 104-315, p. 11 (1996), and disclaimed any intent to contravene that prohibition, *ibid.* Members of Congress instrumental in the CTEA's passage spoke to similar effect. See, *e. g.,* 144 Cong. Rec. H1458 (daily ed. Mar. 25, 1998) (statement of Rep. Coble) (observing that "copyright protection should be for a limited time only" and that "[p]erpetual protection does not benefit society").

JUSTICE BREYER nevertheless insists that the "economic effect" of the CTEA is to make the copyright term "virtually perpetual." *Post,* at 243. Relying on formulas and assumptions provided in an *amicus* brief supporting petitioners, he stresses that the CTEA creates a copyright term worth 99.8% of the value of a perpetual copyright. *Post,* at 254-256. If JUSTICE BREYER'S calculations were a basis for holding the CTEA unconstitutional, then the 1976 Act would surely fall as well, for — under the same assumptions he indulges — the term set by that Act secures 99.4% of the value of a perpetual term. See Brief for George A. Akerlof et al. as *Amici Curiae* 6, n. 6 (describing the relevant formula). Indeed, on that analysis even the "limited" character of the 1909 (97.7%) and 1831 (94.1%) Acts might be suspect. JUSTICE BREYER several times places the Founding Fathers on his side. See, *e. g., post,* at 246-247, 260, 261. It is doubtful, however, that those architects of our Nation, in framing the "limited Times" prescription, thought in terms of the calculator rather than the calendar.

[17] Respondent notes that the CTEA's life-plus-70-years baseline term is expected to produce an average copyright duration of 95 years, and that this term "resembles some other long-accepted durational practices in the law, such as 99-year leases of real property and bequests within the rule against perpetuities." Brief for Respondent 27, n. 18. Whether such referents mark the outer boundary of "limited Times" is not before us today. JUSTICE BREYER suggests that the CTEA's baseline term extends beyond that typically permitted by the traditional rule against perpetuities. *Post,* at 256-257. The traditional common-law rule looks to lives in being plus 21 years. Under that rule, the period before a bequest vests could easily equal or exceed the anticipated average copyright term under the CTEA. If, for example, the vesting period on a deed were defined with reference to the life of an infant, the sum of the measuring life plus 21 years could commonly add up to 95 years.

[18] JUSTICE STEVENS' characterization of reward to the author as "a secondary consideration" of copyright law, *post,* at 227, n. 4 (internal quotation marks omitted), understates the relationship between such rewards and the "Progress of Science." As we have explained, "[t]he economic philosophy behind the [Copyright] [C]lause ... is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors." *Mazer* v. *Stein,* 347 U.S. 201, 219 (1954). Accordingly, "copyright law *celebrates* the profit motive, recognizing that the incentive to profit from the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge.... The profit motive is the engine that ensures the progress of science." *American Geophysical Union* v. *Texaco Inc.,* 802 F. Supp. 1, 27 (SDNY 1992), aff'd, 60 F.3d 913 (CA2 1994). Rewarding authors for their creative labor and "promot[ing] ... Progress" are thus complementary; as James Madison observed, in copyright "[t]he public good fully coincides . . . with the claims of individuals." The Federalist No. 43, p. 272 (C. Rossiter ed. 1961). JUSTICE BREYER's assertion that "copyright statutes must serve public, not private, ends," *post,* at 247, similarly misses the mark. The two ends are not mutually exclusive; copyright law serves public ends by providing individuals with an incentive to pursue private ones.

[19] As we have noted, see *supra,* at 196, n. 3, petitioners seek to distinguish the 1790 Act from those that followed. They argue that by requiring authors seeking its protection to surrender whatever rights they had under state law, the 1790 Act enhanced uniformity and certainty and thus "promote[d] . . . Progress." See Brief for Petitioners 28-31. This account of the 1790 Act simply confirms, however, that the First Congress understood it could "promote ... Progress" by extending copyright protection to existing works. Every subsequent adjustment of copyright's duration, including the CTEA, reflects a similar understanding.

[20] JUSTICE STEVENS, *post,* at 235, refers to the "legislative veto" held unconstitutional in *INS* v. *Chadha,* 462 U.S. 919 (1983), and observes that we reached that decision despite its impact on federal laws geared to our "contemporary political system," *id.,* at 967 (White, J., dissenting). Placing existing works in parity with future works for copyright purposes, in contrast, is not a similarly pragmatic endeavor responsive to modern times. It is a measure of the kind Congress has enacted under its Patent and Copyright Clause authority since the

founding generation. See *supra,* at 194-196.

[21] Standard copyright assignment agreements reflect this expectation. See, *e. g.,* A. Kohn & B. Kohn, Music Licensing 471 (3d ed. 1992-2002) (short form copyright assignment for musical composition, under which assignor conveys all rights to the work, "including the copyrights and proprietary rights therein and in any and all versions of said musical composition(s), and any renewals and extensions thereof (whether presently available *or subsequently available as a result of intervening legislation*)" (emphasis added)); 5 M. Nimmer & D. Nimmer, Copyright § 21.11[B], p. 21-305 (2002) (short form copyright assignment under which assignor conveys all assets relating to the work, "including without limitation, copyrights and renewals and/or extensions thereof"); 6 *id.,* § 30.04[B][1], p. 30-325 (form composer-producer agreement under which composer "assigns to Producer all rights (copyrights, rights under copyright and otherwise, whether now or hereafter known) and all renewals and extensions (as may now or hereafter exist)").

[22] The fact that patent and copyright involve different exchanges does not, of course, mean that we may not be guided in our "limited Times" analysis by Congress' repeated extensions of existing patents. See *supra,* at 201-204. If patent's *quid pro quo* is more exacting than copyright's, then Congress' repeated extension of existing patents without constitutional objection suggests even more strongly that similar legislation with respect to copyrights is constitutionally permissible.

[23] Petitioners originally framed this argument as implicating the CTEA's extension of both existing and future copyrights. See Pet. for Cert. i. Now, however, they train on the CTEA's extension of existing copyrights and urge against consideration of the CTEA's First Amendment validity as applied to future copyrights. See Brief for Petitioners 39-48; Reply Brief 16-17; Tr. of Oral Arg. 11-13. We therefore consider petitioners' argument as so limited. We note, however, that petitioners do not explain how their First Amendment argument is moored to the prospective/retrospective line they urge us to draw, nor do they say whether or how their free speech argument applies to copyright duration but not to other aspects of copyright protection, notably scope.

[24] We are not persuaded by petitioners' attempt to distinguish *Harper & Row* on the ground that it involved an infringement suit rather than a declaratory action of the kind here presented. As respondent observes, the same legal question can arise in either posture. See Brief for Respondent 42. In both postures, it is appropriate to construe copyright's internal safeguards to accommodate First Amendment concerns. Cf. *United States* v. *X-Citement Video, Inc.,* 513 U. S. 64, 78 (1994) ("It is . . . incumbent upon us to read the statute to eliminate [serious constitutional] doubts so long as such a reading is not plainly contrary to the intent of Congress.").

[1] Justice Harlan wrote a brief concurrence, but did not disagree with this statement. Justice Black's statement echoed a portion of Attorney General Wirt's argument in *Gibbons v. Ogden,* 9 Wheat. 1, 171 (1824): "The law of Congress declares, that all inventors of useful improvements throughout the United States, shall be entitled to the exclusive right in their discoveries for fourteen years *only.* The law of New-York declares, that this inventor shall be entitled to the exclusive use of his discovery for thirty years, and as much longer as the State shall permit. The law of Congress, by limiting the exclusive right to fourteen years, in effect declares, that after the expiration of that time, the discovery shall be the common right of the whole people of the United States."

[2] Attorney General Wirt made this precise point in his argument in *Gibbons* v. *Ogden,* 9 Wheat., at 175: "The limitation is not for the advantage of the inventor, but of society at large, which is to take the benefit of the invention after the period of limitation has expired. The patentee pays a duty on his patent, which is an effective source of revenue to the United States. It is virtually a contract between each patentee and the people of the United States, by which the time of exclusive and secure enjoyment is limited, and then the benefit of the discovery results to the public."

[3] The Court acknowledges that this proposition is "uncontroversial" today, see *ante,* at 202, n. 8, but overlooks the fact that it was highly controversial in the early 1800's. See n. 11, *infra.* The Court assumes that the *Sears* holding rested entirely on the pre-emptive effect of congressional statutes even though the opinion itself, like the opinions in *Graham* v. *John Deere Co. of Kansas City,* 383 U. S. 1 (1966), and *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.,* 489 U. S. 141 (1989), also relied on the pre-emptive effect of the constitutional provision. That at least some of the Framers recognized that the Constitution itself imposed a limitation even before Congress acted is demonstrated by Madison's letter, quoted in n. 6, *infra.*

[4] "The copyright law, like the patent statutes, makes reward to the owner a secondary consideration. In *Fox Film Corp.* v. *Doyal,* 286 U. S. 123, 127, Chief Justice Hughes spoke as follows respecting the copyright monopoly granted by Congress, `The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors.' It is said that reward to the author or artist serves to induce release to the public of the products of his creative genius." 334 U. S., at 158.

[5] A copy of this bill specifically identified has not been found, though strong support exists for considering a bill from that session as H. R. 10. See E. Walterscheid, To Promote the Progress of Useful Arts: American Patent Law and Administration, 1798-1836, pp. 87-88 (1998) (hereinafter Walterscheid). This bill is reprinted in 4 Documentary History 513-519.

[6] "Your idea of appropriating a district of territory to the encouragement of imported inventions is new and worthy of consideration. I can not but apprehend however that the clause in the constitution which forbids patents for that purpose will lie equally in the way of your expedient. Congress seem to be tied down to the single mode of encouraging inventions by granting the exclusive benefit of them for a limited time, and therefore to have no more power to give a further encouragement out of a fund of land than a fund of money. This fetter on the National Legislature tho' an unfortunate one, was a deliberate one. The Latitude of authority now wished for was strongly urged and expressly rejected." Madison's description of the Copyright/Patent Clause as a "fetter on the National Legislature" is fully consistent with this Court's opinion in

Graham.

[7] Importantly, even this first Act required a *quid pro quo* in order to receive federal copyright protection. In order to receive protection under the Act, the author was first required to register the work: "That no person shall be entitled to the benefit of this act, in cases where any map, chart, book or books, hath or have been already printed and published, unless he shall first deposit, and in all other cases, unless he shall before publication deposit a printed copy of the title of such map, chart, book or books, in the clerk's office of the district court where the author or proprietor shall reside." § 3, 1 Stat. 124. This registration requirement in federal district court—a requirement obviously not required under the various state laws protecting written works—further illustrates that the 1790 Act created new rights, rather than extending existing rights.

[8] Respondent's reformulation of the questions presented by this case confuses this basic distinction. We granted certiorari to consider the question: "Did the D. C. Circuit err in holding that Congress has the power under the Copyright Clause to extend retroactively the term of existing copyrights?" Respondent's reformulation of the first question presented —"Whether the 20-year extension of the terms of all unexpired copyrights . . . violates the Copyright Clause of the Constitution insofar as it applies to works in existence when it took effect"—significantly changes the substance of inquiry by changing the focus from the federal statute at issue to irrelevant common-law protections. Brief for Respondent I. Indeed, this reformulation violated this Court's Rule 24(1)(a), which states that "the brief [on the merits] may not raise additional questions or change the substance of the questions already presented in" the petition for certiorari.

[9] "A LETTER *to a* MEMBER *of Parliament concerning the Bill now depending . . . for making more effectual an Act in the 8th Year of the Reign of Queen Anne, entituled,* An Act for the Encouragement of Learning, by . . . Vesting the Copies of Printed Books in the Authors or Purchasers." Document reproduced in Goldsmiths'—Kress Library of Economic Literature, Segment I: Printed Books Through 1800, Microfilm No. 7300 (reel 460).

[10] See, *e. g.,* ch. 74, 6 Stat. 458 (patent had expired for three months); ch. 113, 6 Stat. 467 (patent had expired for over two years); ch. 213, 6 Stat. 589 (patent had expired for five months); ch. 158, 9 Stat. 734 (patent had expired for over two years); ch. 72, 14 Stat. 621 (patent had expired nearly four years); ch. 175, 15 Stat. 461 (patent had expired for over two years); ch. 15, 16 Stat. 613 (patent had expired for six years); ch. 317, 16 Stat. 659 (patent had expired for nearly four years); ch. 439, 17 Stat. 689 (patent had expired for over two years).

[11] In the period before our decision in *Wheaton,* the pre-emptive effect of the Patent/Copyright Clause was also a matter of serious debate within the legal profession. Indeed, in their argument in this Court in *Gibbons* v. *Ogden,* 9 Wheat., at 44-61, 141-157, the defenders of New York's grant of a 30-year monopoly on the passenger trade between New Jersey and Manhattan argued that the Clause actually should be interpreted as confirming the State's authority to grant monopoly privileges that supplemented any federal grant. That argument is, of course, flatly inconsistent with our recent unanimous decision in *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.,* 489 U. S. 141 (1989). Although Attorney General Wirt had urged the Court to endorse our present interpretation of the Clause, its implicit limitations were unsettled when the 1831 Copyright Act was passed.

[12] It is true, as the majority points out, *ante,* at 202, n. 7, that *Graham* did not expressly overrule those earlier cases because *Graham* did not address the issue whether Congress could revive expired patents. That observation does not even arguably justify reliance on a set of old circuit court cases to support a proposition that is inconsistent with our present understanding of the limits imposed by the Copyright/Patent Clause. After all, a unanimous Court recently endorsed the precise analysis that the majority now seeks to characterize as "wishful thinking." *Ante,* at 202, n. 7. See *Bonito Boats,* 489 U. S., at 146 ("Congress may not create patent monopolies of unlimited duration, nor may it `authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available'" (quoting *Graham,* 383 U. S., at 6)).

[13] Indeed, the Lodging of the Motion Picture Association of America, Inc., as *Amicus Curiae* illustrates the significant creative work involved in releasing these classics. The Casablanca Digital Video Disc (DVD) contains a "documentary *You Must Remember This,* hosted by Lauren Bacall and featuring recently unearthed outtakes" and an "[a]ll-new introduction by Lauren Bacall." Disc cover text. Similarly, the Citizen Kane DVD includes "[t]wo feature-length audio commentaries: one by film critic Roger Ebert and the other by director/Welles biographer Peter Bogdanovich" and a "gallery of storyboards, rare photos, alternate ad campaigns, studio correspondence, call sheets and other memorabilia" in addition to a 2-hour documentary. Disc cover text.

[14] Similarly, the validity of earlier retroactive extensions of copyright protection is not at issue in this case. To decide the question now presented, we need not consider whether the reliance and expectation interests that have been established by prior extensions passed years ago would alter the result. Cf. *Heckler* v. *Mathews,* 465 U. S. 728, 746 (1984) ("We have recognized, in a number of contexts, the legitimacy of protecting reasonable reliance on prior law even when that requires allowing an unconstitutional statute to remain in effect for a limited period of time"). Those interests are not at issue now, because the act under review in this case was passed only four years ago and has been under challenge in court since shortly after its enactment.

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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

Rupa Marya, et al. **Plaintiffs,** **v.** ***Warner/Chappell Music, Inc., et al.*** **Defendants.**	**CASE NO. CV 13-4460-GHK (MRWx)** **MEMORANDUM AND ORDER RE: (1) CROSS-MOTIONS FOR SUMMARY JUDGMENT (Dkt. 179); (2) DEFENDANTS' MOTION FOR LEAVE TO FILE SUPPLEMENTAL EVIDENCE (Dkt. 223); and (3) PLAINTIFFS' EX PARTE APPLICATION TO SUPPLEMENT THE RECORD (Dkt. 224)**

This matter is before us on the Parties' Cross-Motions for Summary Judgment ("Cross-Motions"). On March 23, 2015, we held a hearing on the Cross-Motions. (Dkt. 207 (minutes); Dkt. 208 (transcript).) On May 18, 2015, we ordered additional briefing, (Dkt. 215), and on July 29, 2015, we held a further hearing. (Dkt. 229 (minutes); Dkt. 230 (transcript).) As the Parties are familiar with the facts, we will repeat them only as necessary. Accordingly, we rule as follows:

I. Background

Plaintiffs Rupa Marya, Robert Siegel, Good Morning to You Productions Corp., and Majar Productions, LLC (collectively, "Plaintiffs") filed this class action to declare invalid Defendants Warner/Chappell Music, Inc. ("Warner/Chappell") and Summy-Birchard, Inc.'s ("Summy-Birchard") (collectively, "Defendants") purported copyright in the famous song *Happy Birthday To You* ("*Happy Birthday*"). (Dkt. 95, Fourth Amended Consolidated Complaint ("FACC").)

The classic melody of *Happy Birthday* is the same as that of another song called *Good Morning To All* ("*Good Morning*") (hereafter, the "*Happy Birthday/Good Morning* melody"). (Statement of Uncontroverted Facts ("SUF") P17.) At some time before 1893, Mildred Hill and Patty Hill[1] wrote *Good Morning*. (SUF P3, P5.) Mildred composed the music with Patty's help, and Patty wrote the lyrics. (SUF P6.) The lyrics of *Good Morning* are similar to those of *Happy Birthday*:

Good Morning	*Happy Birthday*
Good morning to you	Happy birthday to you
Good morning to you	Happy birthday to you
Good morning dear children	Happy birthday dear [NAME]
Good morning to all.	Happy birthday to you.

In 1893, Mildred and Patty assigned their rights to the manuscript containing *Good Morning* and other songs to Clayton F. Summy ("Mr. Summy"). (SUF P7.) A copy of the assignment is not available, but the Parties do not dispute that the assignment

[1] For convenience and to avoid confusion, we will refer to the Hill sisters by only their first names throughout our Order, as the Parties have largely done in their briefing.

occurred. (SUF P8.) That same year, Mr. Summy published the manuscript in, and filed for copyright registration of, a songbook titled *Song Stories for the Kindergarten* ("*Song Stories*"). (SUF P10, P13.) After Mildred died, Jessica Hill, a third Hill sister, filed for renewal of the copyright to *Song Stories* in 1921 as one of Mildred's heirs. (SUF P44.) Under the Copyright Act of 1909, works could receive copyright protection for two consecutive 28-year terms. *See* 17 U.S.C. § 24 (1909 Act). Accordingly, copyright protection for *Song Stories*, including the song *Good Morning*, expired in 1949.

The origins of the lyrics to *Happy Birthday* (the "*Happy Birthday* lyrics") are less clear. The *Happy Birthday* lyrics did not appear in *Song Stories*. (SUF P18.) The first reference to them in print appeared in an article from 1901 in the *Inland Educator and Indiana School Journal*:

> A birthday among the little people is always a special occasion. The one who is celebrating is decorated with a bright flower or badge and stands in the center of the circle while the children sing "Happy birthday to you."

(Joint Appendix ("J.A.") 8.) The full *Happy Birthday* lyrics did not appear in the article. (SUF P27.) In 1909, a prayer songbook similarly made reference to the song but did not include the lyrics. (J.A. 9.)

Publication of the full *Happy Birthday* lyrics first occurred in a 1911 book titled *The Elementary Worker and His Work*. (J.A. 11 at 290; SUF P34.) The book did not credit anyone with authorship of the lyrics, but mentioned that *Happy Birthday* and *Good Morning* shared the same tune, and noted that the latter song had been published in *Song Stories*. (J.A. 11 at 290, 294; SUF P35.) *The Elementary Worker and His Work* was registered for a copyright in 1911. (J.A. 12; SUF P36.) After 1911, *Happy Birthday* appeared in other publications—*Harvest Hymns* in 1924 and *Children's Praise and*

Worship in 1928.[2] (J.A. 18, 21; SUF P49, P54.) These publications similarly did not credit anyone with creating the *Happy Birthday* lyrics. (J.A. 18, 21.) *Children's Praise and Worship* was registered for a copyright at the time of publication. (J.A. 22; SUF P56.) Next, in the early 1930s, *Happy Birthday* appeared in a series of movies—*Girls About Town*, *Bosko's Party*, *Strange Interlude*, *Baby Take a Bow*, *The Old Homestead*, and '*Way Down East*. (J.A. 25-26, 30, 35, 39, 41; SUF P64-65, P69, P71, P78, P94, P102.) Finally, in 1933, *Happy Birthday* was performed publically in the play *As Thousands Cheer*. (J.A. 29; SUF P77.)

In 1934, Jessica filed a lawsuit against the producers of *As Thousands Cheer* for copyright infringement (hereafter, the "*As Thousands Cheer* lawsuit"). (J.A. 32; SUF P81.) Notably, the basis for her infringement claim was not that the producers had infringed any rights she allegedly held in the *Happy Birthday* lyrics. Rather, she alleged that the defendants infringed the copyright in *Good Morning*, which included the common melody for the two songs. (J.A. 32 at 584; SUF P81.) *TIME* magazine, the *New York Times*, and the *New York Herald Tribune* all reported the *As Thousands Cheer* lawsuit. (J.A. 34, 37, 90.) Patty and Jessica were both deposed in that action. (J.A. 87; SUF P96.) In Patty's deposition, she claimed that she wrote the lyrics to *Happy Birthday* around the time *Good Morning* was created. (J.A. 87 at 1007.) The outcome of the *As Thousands Cheer* lawsuit is not clear from the record before us, but neither party claims it has any bearing on the instant action.

In 1935, the Clayton F. Summy Company ("Summy Co.") registered copyrights to two works entitled "Happy Birthday to You"—registration numbers E51988 and E51990. (J.A. 44, 48.) Defendants argue that E51990 is *the* publication that secured a federal

[2]As discussed below, Plaintiffs have supplemented the record with another publication of the *Happy Birthday* lyrics in 1922.

copyright in the *Happy Birthday* lyrics, and they have staked their claim to the lyrics on that registration.[3]

Our record does not contain any contractual agreement from 1935 or before between the Hill sisters and Summy Co. concerning the publication and registration of these works. (SUF P111-12.) What little information we have about the circumstances under which E51990 was published and registered comes from a federal lawsuit filed in 1942 by the Hill Foundation—an entity formed by Jessica and Patty[4]—against Summy Co. in the Southern District of New York (hereafter, the "Hill-Summy lawsuit"). (J.A. 50.) The Amended Complaint, discussed in more detail below, alleged that Summy Co. had granted licenses to movie and play producers without the Hill sisters' authorization. The Hill Foundation alleged that, in addition to an agreement between Mildred and Patty and Summy Co. concerning the copyright in *Song Stories* and *Good Morning* (the "First Agreement"), there was another agreement from 1934 and 1935 in which Jessica granted Summy Co. "a number of licenses" for "various piano arrangements of the song variously entitled 'GOOD MORNING TO ALL' or 'HAPPY BIRTHDAY TO YOU'" (the "Second Agreement"). (J.A. 50 at ¶ 24.) In Summy Co.'s Answer to the Amended

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[3] Though the Parties have also discussed registration E51988 in this litigation, we focus our attention on E51990 throughout this Order because, according to Defendants, the significance of E51988 is that it lends some weight to their argument that E51990 registered the lyrics. (*See* Hr'g Tr. of Mar. 23, 2015 at 6:7-14 ("COURT: [I]s it your argument that E51990 covers the lyrics and E51988 really puts it into proper context as to why E51990 covers the lyrics? MR. KLAUS: It is our position, Your Honor, that E51990 covers—was intended to cover the lyrics and does cover the lyrics. And 51988 covers—it was intended to cover it on the same day, what we'll call the second verse, refers to it as the revised text.").) The second verse to *Happy Birthday* found in E51988 has no commercial value and is not the subject of this action.

[4] The record is not actually clear on how the Hill Foundation was formed, but in 1942, Patty and Jessica assigned their rights in the copyright to *Song Stories* to the Foundation. (J.A. 49.) Accordingly, it is a reasonable inference that they jointly formed the entity.

Complaint, it admitted that it had entered into the Second Agreement with Jessica, stating that she "assigned . . . various piano arrangements of . . . 'Good Morning To All'" to Summy Co. (J.A. 51 at ¶ 18.)

In 1944, the Hill sisters and Summy Co. settled the Hill-Summy lawsuit by entering into a new agreement (the "Third Agreement"). (J.A. 54; SUF P141.) The Hill sisters, via the Hill Foundation, assigned to Summy Co. all of their rights in eleven different copyrights, including E51990, E51988, and the *Song Stories* copyright. (J.A. 54 at 702-03.) After the Third Agreement, Summy Co. filed three lawsuits alleging copyright infringement related to *Happy Birthday*. (J.A. 55-57.) E51990 is not mentioned in the complaints for any of these lawsuits. (*Id.*) When describing the song *Happy Birthday*, the complaints each said that "[o]ne of the songs in [*Song Stories*], entitled 'Good Morning To All', later became popularly known as 'Happy Birthday to You', the opening lines of the verses later written by Patty S. Hill for the song." (J.A. 55 at ¶ 15, 56 at ¶ 15, 57 at ¶ 15.) None of the lawsuits asserted infringement of any purported right that Summy Co. had to the lyrics from its ownership of E51990.

On April 21, 2014, Plaintiffs filed their FACC in this action. (Dkt. 95.) Plaintiffs contend that Defendants do not own a copyright in the *Happy Birthday* lyrics and that they should be compelled to return the "millions of dollars of unlawful licensing fees" they have collected by wrongfully asserting copyright ownership in the *Happy Birthday* lyrics. (FACC at ¶ 4.) We bifurcated this case on October 16, 2013. (Dkt. 71.) We will first determine whether Plaintiffs are entitled to a declaratory judgment invalidating Defendants' purported claim of copyright in the lyrics. (*Id.* at 4.)

II. New Evidence

Both Parties recently sought to add new evidence to the summary judgment record after the Cross-Motions had been taken under submission. (Dkts. 223-24.) In particular, Plaintiffs seek to add evidence regarding the 1922 publication of the fourth revised edition of *The Everyday Song Book*. *Good Morning* and *Happy Birthday* are printed as one song called "Good Morning and Birthday Song" in the book. (Dkt. 225, Manifold Decl., Ex. C at 20.) Below the title of the song, a caption reads: "Special permission through courtesy of The Clayton F. Summy Co." (*Id.*) Defendants do not oppose the introduction of this evidence into the record, but they dispute its significance. As Plaintiffs' request to supplement the record is unopposed, we hereby **GRANT** that request.

Defendants seek to introduce new evidence regarding the deposit copy of E51990. (Dkt. 223.) The Copyright Office no longer has the deposit copy for E51990, and Plaintiffs have argued that the *Happy Birthday* lyrics may not have even appeared in the work that was deposited. (*See, e.g.*, Cross-Motions for Summary Judgment (hereafter, "Joint Brief") at 25.) Defendants now proffer a copy of a work that was deposited with the British Museum on the same day that E51990 was registered, which they claim to have obtained recently. (Defs.' Mot. to Supplement the Record, Ex. A.) Plaintiffs argue that the introduction of this evidence is prejudicial because Defendants did not tell Plaintiffs that they were looking for a copy of the work from the British Museum during discovery. We do not see how Plaintiffs are prejudiced by Defendants' failure to disclose their efforts to find the British Museum copy. Plaintiffs were well aware of the dispute surrounding the deposit copy for E51990, and Defendants' disclosure of their earlier fruitless efforts would have had minimal, if any, impact on how Plaintiffs conducted discovery. Accordingly, we hereby **GRANT** Defendants' request to supplement the record.

III. Summary Judgment Standard

We may grant summary judgment only "if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). On a motion for summary judgment, the district court's "function is not . . . to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial." *Id.* at 249.

The moving party bears the initial responsibility to point to the absence of any genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). "When the party moving for summary judgment would bear the burden of proof at trial, it must come forward with evidence which would entitle it to a directed verdict if the evidence went uncontroverted at trial." *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 987 (9th Cir. 2006) (citation and quotation marks omitted). If the moving party meets its initial burden of demonstrating that summary judgment is proper, "the nonmoving party must come forward with specific facts showing there is a *genuine issue for trial*" in order to survive summary judgment. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986) (emphasis in original) (internal quotation marks and citations omitted). Where the nonmoving party has the burden of proof at trial, the moving party can carry its initial burden either by submitting affirmative evidence that there is not a triable, factual dispute or by demonstrating that the nonmoving party "fail[ed] to make a showing sufficient to establish the existence of an element essential to that party's case . . ." *Celotex Corp.*, 477 U.S. at 322. The burden then shifts to the nonmoving party "to designate specific facts demonstrating the existence of genuine issues for trial." *In re Oracle Corp. Sec. Litig.*, 627 F.3d 376, 387 (9th Cir. 2010) (citing *Celotex Corp.*, 477 U.S. at 324).

On cross-motions for summary judgment, we must consider each motion separately to determine whether either party has met its burden with the facts construed in the light most favorable to the nonmoving party. *See Fair Hous. Council of Riverside Cty., Inc. v. Riverside Two*, 249 F.3d 1132, 1136 (9th Cir. 2001).

IV. Burden of Proof in a Declaratory Judgment Action

Defendants contend that the burden of proof lies with Plaintiffs on all issues because the default rule places the burden of proof "on the party seeking relief." *Schaffer ex rel. Schaffer v. Weast*, 546 U.S. 49, 51 (2005). The Supreme Court held otherwise in *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843 (2014). In *Medtronic*, the plaintiff sought a declaratory judgment that its products did not infringe the defendant's patents. *Id.* at 847. The Court placed the burden of proof on the patentee, even though it was nominally the defendant. *Id.* at 849. The Court observed that *Schaffer* articulated the basic rule for where the burden of proof lies, and it characterized "declaratory judgment suits like the one at issue here" as an "exception to the basic rule." *Id.* at 851.

We see no basis for distinguishing *Medtronic* from the instant action. Here, too, Plaintiffs have sought a declaratory judgment in the shadow of a threatened infringement suit. (*See, e.g.*, FACC at ¶ 122 ("Faced with a threat of substantial penalties for copyright infringement, on or about March 26, 2013, plaintiff GMTY was forced to and did pay defendant Warner/Chappell the sum of $1,500 for a synchronization license . . . .").) Accordingly, just as in *Medtronic*, there is no reason to relieve the alleged owners of the intellectual property of the usual burden of proof just because they are nominally the defendants in this declaratory judgment action. *See also Williams v. Bridgeport Music, Inc.*, No. CV-13-6004-JAK (AGRx), 2014 WL 7877773, at *10 (C.D. Cal. Oct. 30, 2014)

(applying *Medtronic* to a declaratory judgment copyright case and concluding that the defendants have the burden of proof).

V. Validity of Defendants' Copyright

Defendants claim to have a copyright in the *Happy Birthday* lyrics. As a musical work, *Happy Birthday* has at least two copyrightable elements, the music and the lyrics, and each element is protected against infringement independently. *See* 1-2 *Nimmer on Copyright* § 2.05 ("Suppose the plaintiff's work includes both music and 'accompanying' words, but the defendant copies only the plaintiff's words, unaccompanied by his music, or only his music, unaccompanied by the words. It was clear under the 1909 Act, and remains clear under the present Act, that . . . the copyright . . . will protect against unauthorized use of the music alone or of the words alone, or of a combination of music and words."). The distinction between the music and the lyrics as copyrightable elements is critical in this case because both Parties agree that the *Happy Birthday* melody was borrowed from *Good Morning* and entered the public domain a long time ago. The Parties disagree only about the status of the *Happy Birthday* lyrics. Defendants contend, in brief, that the Hill sisters authored the lyrics to *Happy Birthday* around the turn of the last century, held onto the common law rights for several decades, and then transferred them to Summy Co., which published and registered them for a federal copyright in 1935. Plaintiffs challenge nearly every aspect of this narrative. They argue that the lyrics may have been written by someone else, the common law copyrights in the lyrics were lost due to general publication or abandonment before the lyrics were published, and the rights were never transferred to Summy Co.[3]

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[3] Plaintiffs also argue that Warner/Chappell cannot establish its chain of title from Summy Co. Plaintiffs presented this argument in a single paragraph of the Cross-Motions. (*See* Jt. Br. at 48-49.) Because we resolve these Cross-Motions on other grounds, we decline to address this underdeveloped argument.

A. Presumption of Validity

Before we address the merits of the Parties' respective arguments, we must consider what evidentiary weight should be afforded to the registration certificate for E51990. The 1909 Copyright Act, which governs E51990, did not require that a work be registered to obtain a federal copyright. *See* 2-7 *Nimmer* § 7.16. But registration was nonetheless highly desirable, not only because it was a precondition to the filing of an infringement suit, but also because, once registered, the certificate of registration "shall be admitted in any court as prima facie evidence of the facts stated therein." 17 U.S.C. § 209 (1909 Act); *see also* 17 U.S.C. § 410(c) (1976 Act) (providing for the presumption of validity in the modern Copyright Act). Furthermore, "[a]lthough the 'facts' stated in a certificate of registration are limited to the date, name and description of the work, and name of the registration holder, a majority of courts have held that § 209 [of the 1909 Copyright Act] creates a rebuttable presumption that the certificate holder has met all the requirements for copyright validity." *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1451 (9th Cir. 1991). Once a claimant shows that she has a certificate of registration, the burden of proof shifts to the opposing party who must "offer some evidence or proof to dispute or deny the [claimant's] prima facie case." *United Fabrics Int'l, Inc. v. C&J Wear, Inc.*, 630 F.3d 1255, 1257 (9th Cir. 2011).

"The presumption . . . is not an insurmountable one, and merely shifts to the [challengers] the burden to prove the invalidity of the [] copyrights." *Masquerade Novelty, Inc. v. Unique Indus., Inc.*, 912 F.2d 663, 668 (3d Cir. 1990). The underlying rationale for the presumption of validity is that the Copyright Office implicitly determines whether a work is copyrightable whenever it issues a registration, and courts should defer to the Office's finding. *See, e.g., Russ Berrie & Co. v. Jerry Elsner Co.*, 482 F. Supp. 980, 988 (S.D.N.Y. 1980) ("The presumption of validity attaching to copyright registration is of course a function of judicial deference to the agency's expertise."). But when there is a

material mistake in the registration, the presumption of validity is rebutted, if not voided altogether. *See Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1163 (1st Cir. 1994) ("We assume for argument's sake that a material error in a copyright deposit, even if unintentional, may destroy the presumption of validity."); *Masquerade Novelty*, 912 F.2d at 668 n.5 (stating that if the registration contains "a material, but inadvertent omission," it may be the correct approach "to deprive the plaintiff of the benefits of [the presumption of validity] and to require him to establish the copyrightability of the articles he claims are being infringed"); *Wilson v. Brennan*, 666 F. Supp. 2d 1242, 1251-52 (D.N.M. 2009) (following the approach suggested in *Masquerade Novelty* and *Data General* in denying a copyright claimant any presumption of validity as a result of errors in a registration); *see also Rouse v. Walter & Assocs., L.L.C.*, 513 F. Supp. 2d 1041, 1065 (S.D. Iowa 2007) (concluding that possession of a "belatedly filed [c]ertificate" with no listed publication date did not, under the circumstances of the case, constitute "prima facie evidence of the validity of the copyright"); *Gibson Tex, Inc. v. Sears Roebuck & Co.*, 11 F. Supp. 2d 439, 442 (S.D.N.Y. 1998) ("[T]he failure to alert the Copyright Office to relationships between the work for which registration is sought and prior works of others endangers the presumption of validity. . . . [T]he Court finds that Gibson's failure to register the design as a derivative work rebuts the presumption of the copyright's validity.").

Defendants claim that Summy Co. registered the *Happy Birthday* lyrics in E51990. In 1935, a certificate of copyright registration was a very simple document consisting of nothing more than a copy of the claimant's registration application and a certification statement from the Copyright Office.[4] *See* United States Copyright Office, *Compendium*

[4] When these Cross-Motions were initially filed, both Parties presented what they claimed were the true certificates of registration for E51990 and E51988. (*Compare* J.A. 44 & 48, *with* J.A. 101 & 103.) Since then, Defendants have conceded that Plaintiffs' proffered documents are the actual certificates. (*See* Defs.' Opp'n to Mot. to Excl., at 1 ("Plaintiffs are correct that the Copyright Office

of U.S. Copyright Office Practices, Third Edition (2014), § 2408 ("A[] . . . certificate for a claim registered or renewed on or before December 31, 1977 consists of a photocopy of the original application together with a preprinted certification statement containing the registration or renewal number and the date of the certification."). The registration application for E51990 stated that it was an "Application for Copyright for Republished Musical Composition with New Copyright Matter." (J.A. 48.) In other words, E51990 was a derivative work. *See* 17 U.S.C. § 101 (1976 Act) ("A 'derivative work' is a work based upon one or more preexisting works, such as a . . . musical arrangement . . . ."). The title of the musical composition was listed as "Happy Birthday to You." (J.A. 48.) The author of the new copyright material was "Preston Ware Orem, employed for hire by Clayton F. Summy Co." (*Id.*) In one blank space, the application prompted the claimant to "[s]tate exactly on what new matter copyright is claimed . . . ." (*Id.*) For E51990, the response read: "Arrangement as easy piano solo, with text." (*Id.*)

Defendants contend that this registration entitles them to a presumption of validity. We disagree. Even assuming that the lyrics were printed in the deposit copy for E51990,[5] it is unclear whether those lyrics were being registered, and therefore it is unclear whether the Copyright Office determined the validity of Summy Co.'s alleged interest in the lyrics in 1935. The "new matter" that the registration purported to cover was a piano

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deems summary judgment Exhibits 48 and 44 (and not Exhibits 101 and 103) to be the registration certificates for E51990 and E51988 . . . .").) Defendants' purported certificates are actually just records from the Copyright Office. (*Id.* at 6.) As such, they do not have the same evidentiary significance as certificates of registration.

[5] On the same day that E51990 was registered, Summy Co. deposited with the British Museum a copy of sheet music for a song called "Happy Birthday to You!" containing the *Happy Birthday* lyrics. (Defs.' Mot. to Supplement the Record, Ex. A.) The Parties also dispute whether another piece of sheet music was the deposit copy. (J.A. 106.) In light of our analysis regarding transfer below, we need not determine conclusively what the true deposit copy was because it does not matter whether the lyrics were printed in the deposit copy of E51990 if the purported copyright owner had no rights to those lyrics.

arrangement—a derivative version of another melody. Defendants argue that since the arrangement was registered "with text," that meant that the *Happy Birthday* lyrics were part of the new matter being registered alongside the arrangement. But the registration clearly listed "Preston Ware Orem" as the author of the new matter. To our knowledge, no one has ever contended that Orem wrote the *Happy Birthday* lyrics. Defendants even admit in their pleadings that Orem did not do so. (*Compare* Dkt. 99, Answer to FACC at ¶ 97 ("[Defendants] admit[] the allegations in the second sentence of Paragraph 97."), *with* Dkt. 95, FACC at ¶ 97 ("Upon information and belief, Plaintiffs allege that Orem did not write the familiar lyrics to *Happy Birthday* . . . .").) Therefore, the registration is flawed in any event. If, as Defendants assert, the new matter being registered included the lyrics, then, contrary to the registration certificate, Mr. Orem could not have been the author of the new matter. Conversely, if Mr. Orem were the author of the new matter, then the lyrics could not have been a part of the registration.

Defendants argue that we should overlook this "mistake"[6] and afford the registration a presumption of validity anyway because "[a]bsent intent to defraud and prejudice, inaccuracies in copyright registrations do not bar actions for infringement." *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984); *see also Baron v. Leo Feist, Inc.*, 173 F.2d 288, 290 (2d Cir. 1949) (finding registration adequate for plaintiff to assert a copyright infringement suit, even though the certificate was "defective in form in not making clearer that copyright was claimed for the melodies as well as arrangements"); *Urantia Found. v. Burton*, 210 U.S.P.Q. (BNA) 217, 1980 WL 1176, at *3 (W.D. Mich. Aug. 27, 1980) ("Under 17 U.S.C. former section 209 the identity of the author of a work does not have to be disclosed in registering a copyright. It follows that a misstatement as to authorship, unless made for some fraudulent purpose will not

[6] It would be accurate to characterize the failure to identify Patty as an author as a "mistake" only if E51990 was a registration of the lyrics. As discussed more below, Defendants have no evidence that Summy Co. had any rights to the lyrics in 1935.

invalidate an otherwise valid copyright. That is, the copyright remains valid as long as the claimant has a legitimate claim of copyright, regardless of who is the actual author.") (internal citation omitted). This legal authority is inapposite because it has no bearing on the question of what evidentiary presumption can be drawn from the ownership of a copyright registration. Because this registration does not list any Hill sister as the author or otherwise make clear that the *Happy Birthday* lyrics were being registered, we cannot presume this registration reflects the Copyright Office's determination that Summy Co. had the rights to the lyrics to copyright them.[7]

Given this facial and material mistake in the registration certificate, we cannot presume (1) that Patty authored the lyrics or (2) that Summy Co. had any rights to the

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[7] Plaintiffs and Defendants have also submitted entries for E51990 from the U.S. Copyright Office's Catalog of Copyright Entries. One is from 1935 when the work was first registered, and the other is from 1962 when the registration was renewed. Neither entry helps to clarify whether the lyrics were registered. The Copyright Office regularly published the Catalog to alert the public to registrations and renewals, and the Copyright Act of 1909 afforded the entries in the Catalog a presumption of validity, in addition to that afforded to registration certificates. 17 U.S.C. § 210 (1909 Act). The 1935 Catalog entry for E51990 is largely the same as the registration—the work is described as a "pf. [piano forte] with w. [words]"—but it also says the work is "by Mildred J. Hill" and "arr[anged] [by] Preston Ware Orem." (Dkt. 200, Klaus Decl., Ex. C.) While the reason why the Copyright Office wrote this is not entirely clear, it appears that the Office took Mildred's name from the deposit copy and put it in the Catalog to identify the author of the original melody that Orem arranged. (*See id.*, Ex. B.) Notably, Patty's name is not on the deposit copy and does not appear in the Catalog. The 1962 Catalog entry also described the work as "by Mildred J. Hill" and "arr[anged] [by] Preston Ware Orem" (with no mention of Patty Hill). (J.A. 127.) But it then added a new notation indicating that the new matter registered ("NM") in E51990 was an arrangement ("arr.")—without mentioning the "words" or "text" as new. While these Card Catalog entries may be generally entitled to a presumption of validity, the discrepancies noted above are sufficient to undermine that presumption in this case.

lyrics at the time of the E51990 registration. Accordingly, Defendants must present other evidence to prove their case.

Normally, at this point, we would proceed with our analysis of the Parties' Cross-Motions by first examining the elements that Defendants must prove to establish the validity of their interest in the *Happy Birthday* lyrics, and then, if Defendants carry their burden, we would turn to Plaintiffs' affirmative defenses. However, the factual and legal issues of this case are deeply interwoven and do not lend themselves to a traditional analytical approach. The nature of this lawsuit is a dispute over the provenance of Defendants' purported interest in the lyrics. Accordingly, a chronological examination of the issues, tracing the history of the lyrics up to the point when Summy Co. supposedly acquired the rights to them, is more logical. Thus, we will begin with the question of who wrote *Happy Birthday*, an issue for which Defendants have the burden of proof because they must show that their interest can be traced back to the true author of the lyrics. *See Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 743 (2d Cir. 1975) ("As one would expect, the person claiming [a copyright in the work] must either himself be the author of the copyrightable work . . . or he must have succeeded to the rights of the author through an assignment or other device."); *cf. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) (noting that, to prove copyright infringement, a copyright owner must be able to establish "ownership of a valid copyright"). Then we will consider whether the lyrics were lost or abandoned at some point after they were written, both of which are defenses for which Plaintiffs, who would normally be defendants in a traditional infringement suit, have the burden of proof. *See Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1170 (9th Cir. 2012) (noting that the defendant in a copyright suit has the burden of proving fair use as well as "all affirmative defenses"); Model Civ. Jury Instr. 9th Cir. 17.19 (2007) ("In order to show abandonment, the defendant has the burden of proving each of the following by a preponderance of the evidence . . . ."); *Penguin Books U.S.A., Inc. v. New Christian Church of Full Endeavor, Ltd.*, 288 F. Supp. 2d 544, 555

(S.D.N.Y. 2003) ("To establish their defense to infringement, defendants must demonstrate that the work was 'published,' as that term is used and defined in the copyright context, without copyright notice."). Finally, we will turn to the question of whether a valid transfer of rights occurred between the Hill sisters and Summy Co., an issue for which Defendants again have the burden of proof because it is essential to their claim that Summy Co. is the owner of a valid copyright.

B. Who Wrote the *Happy Birthday* Lyrics?

Defendants claim that Patty wrote the lyrics to *Happy Birthday*; Plaintiffs claim someone else may have.[8]

Since Plaintiffs do not have the burden of proof on this issue, they may discharge their initial burden on their Motion by pointing to affirmative evidence negating Defendants' authorship claim. Plaintiffs point to the many publications of the *Happy Birthday* lyrics throughout the 1920s and 1930s that did not credit Patty. References to the lyrics (without full publication) appeared in 1901 and 1909. The words were fully published in 1911, 1912, 1915, 1922, 1924, and 1928. The song was performed in several movies in the early to mid-1930s. Furthermore, though none of these publications explicitly credited anyone with authoring the *Happy Birthday* lyrics, several of them were copyrighted, and the certificates of registration listed other authors. For instance, *The Elementary Worker and His Work*, which was published in 1911 and contained the full *Happy Birthday* lyrics, listed Alice Jacobs and Ermina Chester Lincoln as its authors in

[8] As discussed more in the abandonment section below, Defendants also argue that Patty and Mildred were co-authors of *Happy Birthday*. We need not discuss this argument now because the co-authorship argument is not integral to Defendants' ownership claim. Defendants raised the co-author argument in supplemental briefing to defend themselves against Plaintiffs' contention that the rights to the *Happy Birthday* lyrics were abandoned before 1935.

the copyright certificate. (J.A. 12.) Given that copyright certificates are normally afforded a presumption of validity, as discussed, this is at least some evidence that these two individuals may have authored the *Happy Birthday* lyrics. Similarly, the publication and registration of the *Happy Birthday* lyrics in *Harvest Hymns* in 1924 demonstrate that its author may have written the lyrics. (J.A. 19 (listing "Robert Henry Coleman" as author of *Harvest Hymns*).) This evidence is sufficient to shift the burden to Defendants to proffer admissible evidence to create a genuine issue for trial. *Celotex Corp.*, 477 U.S. at 324.

Defendants' primary evidence is Patty's 1935 deposition for the *As Thousands Cheer* lawsuit. (J.A. 87.) While explaining that she and her sister Mildred created *Good Morning* some time around 1893, Patty claimed to have also written the *Happy Birthday* lyrics as one of a number of lyrical variations to be sung with the familiar melody:

> Q. How long would you say that you and Miss Mildred Hill worked on the particular song "Good Morning To All" before it was completed.
> A. It was one of the earliest of the group and for that reason took longer to work out with the children. It would be written and I would take it into the school the next morning and test it with the little children. If the register was beyond the children we went back home at night and altered it and I would go back the next morning and try it again and again until we secured a song that even the youngest children could learn with perfect ease and while only the words "Good Morning To All" were put in the book we used it for "Good-bye to you", "Happy Journey to You", "Happy Christmas to You" and "Happy New Year to You", "Happy Vacation to You" and so forth and so on.
> Q. Did you also use the words "Happy Birthday to You"?
> A. We certainly did with every birthday celebration in the school.
> Q. Did you write the words for this particular tune of "Good Morning To All", Miss Hill?
> A. I did.

(J.A. 87 at 1007.)

Defendants have raised genuine issues of material fact for trial. A reasonable fact finder may choose to believe that Patty wrote the lyrics in 1893 but, for whatever reason, failed to publically say so until some forty years later. But a reasonable fact finder could

also find that the *Happy Birthday* lyrics were written by someone else, such as the authors of *The Elementary Worker and His Work* or *Harvest Hymns* or some unknown person who never took credit for them,[9] and that Patty's 1935 claim to authorship was a *post hoc* attempt to take credit for the words that had long since become more famous and popular than the ones she wrote for the classic melody.

For the same reasons, Patty's deposition testimony would not be sufficient to entitle Defendants to a directed verdict on the issue of authorship because it is contradicted by the evidence of multiple publications of the lyrics before 1935, some of which were registered for copyrights. We conclude there are genuine issues of material fact for trial. The Parties' Cross-Motions are **DENIED** on this issue.

C. Divestive Publication of the *Happy Birthday* Lyrics

Plaintiffs claim that, even if Patty wrote the *Happy Birthday* lyrics, she lost the rights to the lyrics through divestive publication before 1935.

Under the Copyright Act of 1909, one secured a federal copyright by publishing a work with proper notice. Before such publication, the work was protected by common law copyright. *See Estate of Martin Luther King, Jr., Inc. v. CBS, Inc.*, 194 F.3d 1211, 1214 (11th Cir. 1999) ("Under the regime created by the 1909 Act, an author received state common law protection automatically at the time of creation of a work. This state common law protection persisted until the moment of a general publication.") (internal citation omitted). If the work was published *without* notice, two things happened: the author (1) failed to obtain a federal copyright and (2) lost the common law copyright as

[9] Plaintiffs argue that Jessica once claimed in a magazine article to have written the lyrics. (J.A. 60 at 752.) That is inaccurate. She claimed to have been the first person to have *sung* the lyrics.

well. *See Twin Books Corp. v. Walt Disney Co.*, 83 F.3d 1162, 1165 (9th Cir. 1996) ("When a work was published for the first time, it lost state common law protection. The owner could, however, obtain federal protection for the published work by complying with the requirements of the 1909 Copyright Act. If the owner failed to satisfy the Act's requirements, the published work was interjected irrevocably into the public domain precluding any subsequent protection of the work under the 1909 Copyright Act.").

General publication, which would cause a forfeiture, occurs "when, by consent of the copyright owner, the original or tangible copies of a work are sold, leased, loaned, given away, or otherwise made available to the general public, or when an authorized offer is made to dispose of the work in any such manner, even if a sale or other such disposition does not in fact occur." 1 *Nimmer* § 4.03. By contrast, a limited publication, which does not cause a forfeiture, is when "tangible copies of the work are distributed both (1) to a 'definitely selected group,' and (2) for a limited purpose, without the right of further reproduction, distribution or sale." *Acad. of Motion Picture Arts & Scis.*, 944 F.2d at 1452. Moreover, "mere performance or exhibition of a work does not constitute a [general] publication of that work." *Am. Vitagraph, Inc. v. Levy*, 659 F.2d 1023, 1027 (9th Cir. 1981).

On this affirmative defense of divestive publication, Plaintiffs have the burden of proof and must point to evidence that would entitle them to a directed verdict at trial if it were uncontroverted. While Plaintiffs emphasize heavily the evidence in the record showing that the lyrics were "published, publicly performed, and sung millions of times for more than three decades," that is insufficient to show divestive publication in this case. (Jt. Br. at 7.) Unless the owner of the work published it personally or authorized someone else to publish it, she would not be divested of her common law copyright. *See* 2-7 *Nimmer* § 7.03 ("[A] public distribution of copies or phonorecords will not trigger the legal consequences of a publication without notice unless it is shown that such public

distribution occurred by or under the authority of the copyright owner."); *see also Holmes v. Hurst*, 174 U.S. 82 (1899) (author forfeited his work after consenting to its publication); *Egner v. E.C. Schirmer Music Co.*, 48 F. Supp. 187 (D. Mass. 1942) (author lost his rights after giving others permission to publish his song); *Blanc v. Lantz*, 83 U.S.P.Q. 137, 1949 WL 4766 (Cal. Super. 1949) (author lost his rights after permitting the distribution and exhibition of his work in movie theaters throughout the world).

Plaintiffs' strongest evidence in support of their divestive publication defense is the publication of *Happy Birthday* in *The Everyday Song Book* in 1922. Unlike the other publications in the record, the publisher of *The Everyday Song Book* appears to have had the permission of at least Summy Co. to print *Good Morning* and *Happy Birthday*. A fact finder could reasonably infer from this that the Hill sisters authorized Summy Co. to grant the publisher permission. After all, Summy Co. and the Hill sisters were hardly strangers at the time; they had been associated with each other through the publication and distribution of *Song Stories* for decades. If the publication was authorized, that could make it a general publication (without proper copyright notice), divesting the Hill sisters of their common law copyright.

The publication of *The Everyday Song Book*, however, is not sufficient to entitle Plaintiffs to a directed verdict at trial. As Defendants point out, there is no direct evidence that the Hill sisters had authorized Summy Co. to grant permission for the publication of the lyrics in *The Everyday Song Book*. It is undisputed that, in 1922, Summy Co. did not have any rights to the *Happy Birthday* lyrics; Defendants claim that the rights to the lyrics were given to Summy Co., at the earliest, in 1934 and 1935. It is also not clear if Summy Co. gave the publisher of *The Everyday Song Book* permission to publish the *Happy Birthday* lyrics specifically or just permission to publish *Good Morning*, of which Summy Co. had been printing and selling copies on the Hill sisters' behalf at that time. Since the publication of *The Everyday Song Book* would not be sufficient to entitle Plaintiffs to a

directed verdict, Plaintiffs cannot satisfy their initial burden under Rule 56. Accordingly, Plaintiffs' Motion is **DENIED** as to this issue.[10]

As to Defendants' Cross-Motion, while the publication of *The Everyday Song Book* is not sufficient to entitle Plaintiffs to a directed verdict, it is at least sufficient to show that there are genuine disputes of material fact. Accordingly, Defendants' Cross-Motion is also **DENIED** as to this issue.

D. Abandonment of the *Happy Birthday* Lyrics

Plaintiffs argue that, even if no divestive publication occurred, Patty abandoned her rights, if any, before the publication and registration of E51990. "[A]bandonment of copyright occurs only if there is an intent by the copyright proprietor to surrender rights in his work." *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1026 (9th Cir. 2001) (internal quotation marks omitted). Under Ninth Circuit law, abandonment "must be

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[10] Plaintiffs also argue that a general publication occurred when Patty taught the lyrics to her students and to other teachers around the turn of the Twentieth Century. (J.A. 87 at 1018, 1020.) This argument is also inadequate to entitle them to summary judgment. Merely teaching a song to others does not constitute a general publication. The evidence shows that Patty did not distribute physical or tangible copies of the work when teaching the song. (*Id.* at 1020-21 ("Q. Were they furnished with any copies of it? A. No."); *see also* 1-4 *Nimmer* § 4.03 ("[Under the 1909 Act,] publication occurred when, by consent of the copyright owner, the *original or tangible copies* of a work are sold, leased, loaned, given away, or otherwise made available to the general public . . . .") (emphasis added).) Even if copies were distributed, this likely would have constituted only a limited publication because the work would have been distributed (1) to a selected group and (2) for a limited purpose (education). *See Bartlett v. Crittenden*, 2 F. Cas. 967, 971 (C.C.D. Ohio 1849) (concluding that a book did not enter the public domain when it was used in a school for the "purpose of imparting instruction to the pupils" and "copies were [not] required or permitted to be taken of it for any other purpose").

manifested by some overt act indicative of a purpose to surrender the rights and allow the public to copy."[11] *Hampton v. Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir. 1960). Compared to divestive publication, "[a]bandonment . . . turns on the copyright owner's intent, while forfeiture results by operation of law regardless of intent." 2 Patry, *Copyright* § 5:155.

In their supplemental briefing on abandonment, both Parties have cited numerous cases in support of their respective positions regarding abandonment. Unfortunately, we can discern no clear rule for what does or does not constitute abandonment. Cases from the early to mid-Twentieth Century fail to make a clear distinction between divestive publication and abandonment. *See, e.g.*, *White v. Kimmell*, 193 F.2d 744, 745 (9th Cir. 1952) (describing the plaintiff's complaint as alleging that the work was "abandoned by White to the general public by his reproducing and distributing copies . . . without notice of claim of copyright"); *Nutt v. Nat'l Inst. Inc. for the Improvement of Memory*, 31 F.2d 236, 238 (2d Cir. 1929) ("Only a publication of the manuscript, amounting to an abandonment of the rights of the author, will transfer it to public domain."); *Egner*, 48 F. Supp. at 189 (describing author's conduct as showing "such a tender of the song to the public generally as to imply an abandonment"). It is difficult to draw any firm conclusions about abandonment from these cases. As for the more recent cases, most involve factual circumstances that bear little resemblance to this case. *See, e.g.*, *Hadady*

[11] Plaintiffs argue that abandonment of a common law copyright, as opposed to a federal copyright, does not require proof of an overt act. But they do not cite any case that has ever made this distinction. If anything, one of the earliest opinions to articulate the overt act requirement suggested the opposite. *See Nat'l Comics Publ'ns, Inc. v. Fawcett Publ'ns, Inc.*, 191 F.2d 594, 597-98 (2d Cir. 1951) ("[W]e do not doubt that the 'author or proprietor of any work made the subject of copyright' by the Copyright Law may 'abandon' his literary property in the 'work' *before he has published it*, or his copyright in it after he has done so; but he must 'abandon' it by some overt act which manifests his purpose to surrender his rights in the 'work' . . . .") (emphasis added). We conclude that an overt act is required to abandon either a common law or statutory copyright.

Corp. v. Dean Witter Reynolds, Inc., 739 F. Supp. 1392, 1395 n.2, 1398-99 (C.D. Cal. 1990) (abandonment found where newsletter stated it was protected by copyright only for a certain amount of time); *Pac. & S. Co. v. Duncan*, 572 F. Supp. 1186, 1196 (N.D. Ga. 1983) (abandonment found where copyright owner destroyed the only copy of the work). As far as a general rule, we think the most that can be said about abandonment is that evidence of mere inaction or "lack of action" is insufficient. *Hampton*, 279 F.2d at 104. Beyond this, what does or does not constitute abandonment appears to be a highly fact-specific inquiry.

1. Overt Acts of Abandonment by Patty

Plaintiffs bear the burden of proof at trial on this affirmative defense. To prevail on their Motion, Plaintiffs must present evidence entitling them to a directed verdict if uncontradicted. They present a passage from a *TIME* magazine article reporting on the *As Thousands Cheer* lawsuit, which said:

> Because the tune of "Happy Birthday to You" sounds precisely like the tune of "Good Morning to All," Sam H. Harris, producer of *As Thousands Cheer*, last week found himself the defendant in a Federal plagiarism suit asking payment of $250 for each and every performance of the song. . . . Lyricist Patty Hill, who will share in the damages, if any, *had no complaint to make on the use of the words because she long ago resigned herself to the fact that her ditty had become common property of the nation*.[12]

[12] Defendants' hearsay objection is **OVERRULED**. The first level of hearsay, the newspaper article, is subject to the ancient records exception. Fed. R. Evid. 803(16). The second level of hearsay, the statement, is one against pecuniary interest. Fed. R. Evid. 804(b)(3)(A). We reject Defendants' speculation that Patty did not understand the consequences of making the statement. The statement appears in an article about a lawsuit over the public performance of *Happy Birthday*. We conclude that this evidence is admissible because it is reasonable to infer that Patty was aware of the potential consequences of disclaiming her rights to the *Happy Birthday* lyrics while talking to a reporter about her sister's lawsuit over the rights to another element of the same song. *See* Fed. R. Evid. 104(a).

(J.A. 90 at 1047 (emphasis added).) The clear implication from the article is that Patty told the *TIME* journalist that she had surrendered any claim she may have had to the *Happy Birthday* lyrics. A public statement like this, if believed, is an overt act on which a reasonable fact finder could base a finding that Patty abandoned her copyright interest in the lyrics. *See Melchizedek v. Holt*, 792 F. Supp. 2d 1042, 1048, 1061 (D. Ariz. 2011) (finding triable issue of fact where author made public statements indicating that he was not interested in protecting his work). However, we cannot say that this evidence is sufficient to entitle Plaintiffs to a directed verdict at trial inasmuch as it is not a direct quote from Patty. The journalist could have been paraphrasing something she said or relying on a secondary source to characterize her intentions. Accordingly, Plaintiffs' Motion on their affirmative defense of abandonment is **DENIED**.[13] To the extent Defendants cross-move for summary judgment on abandonment, we conclude that this article is at least sufficient to raise triable issues of fact as to whether Patty abandoned her rights.

2. Joint Authorship

In the alternative, Defendants argue they are entitled to summary judgment on abandonment because Mildred and Patty were joint authors of the *Happy Birthday* lyrics so that Plaintiffs must at least raise triable issues of fact as to both Mildred's (or Jessica's as heir to Mildred's rights) and Patty's abandonment to survive summary judgment against them. They argue that even if there are triable issues as to Patty's abandonment, Plaintiffs have no evidence of any overt acts of abandonment by either Mildred or Jessica.

[13] Plaintiffs also argue that two other articles published about the filing of the *As Thousands Cheer* lawsuit constitute overt acts of abandonment. (J.A. 34, 37.) Because neither contained any statement from either Patty or Jessica purporting to express their intent to abandon the lyrics, these articles also do not entitle Plaintiffs to summary judgment.

A joint work is defined as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101 (1976 Act); *Richlin v. Metro-Goldwyn-Mayer Pictures, Inc.*, 531 F.3d 962, 968 (9th Cir. 2008) (stating that the 1976 Act's definition of joint work "incorporated the well-established case law interpreting the definition of 'joint work' under the 1909 Act"). The Ninth Circuit has articulated three factors to consider in determining joint authorship: (1) whether the "putative coauthors ma[de] objective manifestations of a shared intent to be coauthors"; (2) whether the alleged authors superintended the work by exercising control; and (3) whether "the audience appeal of the work" can be attributed to both authors, and whether "the share of each in its success cannot be appraised." *Aalmuhammed v. Lee*, 202 F.3d 1227, 1234 (9th Cir. 2000) (internal quotation marks omitted).

Defendants point to Patty's deposition testimony in the *As Thousands Cheer* litigation in which she described working with Mildred in a collaborative, iterative process to create *Good Morning* and the other songs in *Song Stories*. (*See* J.A. 87 at 1007 ("It would be written and I would take it into the school the next morning and test it with the little children. If the register was beyond the children we went back home at night and altered it and I would go back the next morning and try it again and again until we secured a song that even the youngest children could learn with perfect ease . . . ."); *see also id.* at 1004 ("We were writing songs from 1889 to 1893."); *id.* at 1006 ("When my sister Mildred and I began the writing of these songs . . . .").) If Mildred and Patty created the *Happy Birthday* lyrics as a part of this process, that would be evidence that Mildred and Patty intended to be co-authors and that both exercised control over the work.

It is not clear from Patty's deposition that the *Happy Birthday* lyrics were created as a part of the described collaborative process. The deposition took place in the context of a lawsuit in which Jessica was asserting infringement of the copyright to *Good Morning*,

not *Happy Birthday*. Accordingly, virtually the entire deposition centered on how *Song Stories* and *Good Morning* were created. There are very few points in the transcript where one can discern any clear reference to *Happy Birthday*. A reasonable fact finder could find that Patty's discussions of her collaboration with Mildred are not relevant because she was not talking about how the *Happy Birthday* lyrics were created. If Mildred had developed the *Happy Birthday/Good Morning* melody specifically for use with the *Good Morning* lyrics but Patty decided, on her own initiative, to use other lyrics in combination with the melody, then a fact finder could find that the *Happy Birthday* lyrics belonged to Patty alone as a derivative work. In that event, Mildred would not have had the requisite intent to combine her work (the *Happy Birthday/Song Stories* melody) with the *Happy Birthday* lyrics in order to make *Happy Birthday* a "work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101 (1976 Act); *see also* 1-6 *Nimmer* § 6.05 ("The requisite distinction must lie instead in the intent of each contributing author at the time her contribution is composed. If his work is written with the intention that [his] contribution . . . be merged into inseparable or interdependent parts of a unitary whole, then the merger of his contribution with that of others creates a joint work. If that intention occurs only after the work has been written, then the merger results in a derivative or collective work.") (internal quotation marks and footnotes omitted).

Both Parties also try to use the pleadings to the Hill-Summy lawsuit from 1942 to reinforce their arguments about joint or sole authorship. Defendants emphasize the fact that the Hill Foundation described *Happy Birthday* as "written and composed" by Patty and Mildred. (J.A. 50 at ¶ 11.) Plaintiffs emphasize the fact that *Good Morning* was described as being "later" entitled *Happy Birthday* by both the Hill Foundation and Summy Co. (*Id.* at ¶ 10; J.A. 51 at ¶ 6.) Both of these arguments are inadequate to resolve, as a matter of law, the factual questions surrounding the creation of the *Happy Birthday* lyrics.

Because neither Party is entitled to summary judgment, we need not also consider whether there are triable issues as to Mildred's or Jessica's abandonment inasmuch as that issue is dependent on the joint authorship inquiry which cannot be resolved due to triable issues of fact.

The Parties' Cross-Motions for summary judgment on the issue of abandonment are **DENIED**.

E. Transfer of the *Happy Birthday* Lyrics

Plaintiffs argue that, even if the Hill sisters never lost or abandoned their common law rights to the *Happy Birthday* lyrics before the publication in E51990, Defendants have no evidence that Summy Co. ever obtained those rights. They contend that the evidence shows that E51990 was merely for one of several piano arrangements that Jessica authorized Summy Co. to publish and register. This showing is sufficient to discharge Plaintiffs' initial burden under Rule 56 as the party without the burden of proof at trial. Defendants argue that one or more of the agreements between the Hill sisters/the Hill Foundation and Summy Co. raise at least a triable issue that the former had transferred rights to the *Happy Birthday* lyrics to the latter.

1. The Hill-Summy Agreements

On the record before us, there is evidence of three agreements between the Hill sisters/the Hill Foundation and Summy Co.—the First, Second, and Third Agreements.

Defendants' primary argument is that Jessica transferred rights in the *Happy Birthday* lyrics to Summy Co. under the Second Agreement in 1934 and 1935. (*See, e.g.*, Jt. Br. at 35, 37; Jt. Supp. Br. at 16.) What little we know of the Second Agreement is entirely based on the pleadings filed in the Hill-Summy lawsuit in 1942. The actual agreement is not in the record; nor is there any other description of the agreement. To determine the content of Second Agreement, then, we must examine the Hill-Summy pleadings closely, and in context.

The Amended Complaint contained two relevant causes of action.[14] In the first cause of action, the Hill Foundation alleged that Mildred and Patty entered into the First Agreement in the 1890s, granting Mr. Summy and Summy Co. the rights to publish and register various versions of *Song Stories* in return for royalties on every copy sold. (J.A. 50 at ¶¶ 4-10.) The Amended Complaint noted that "one of the songs contained in the works mentioned and described in paragraphs 'FOURTH' to 'EIGHTH' [the paragraphs describing the various published versions of *Song Stories*] is one entitled 'GOOD MORNING TO ALL' which, with words written by the said PATTY S. HILL, was later entitled 'HAPPY BIRTHDAY TO YOU' and was included among the songs copyrighted as aforesaid[[15]] by the said SUMMY." (*Id.* at ¶ 10.) The Hill Foundation alleged that "said song, 'HAPPY BIRTHDAY TO YOU'," later acquired a "nation-wide popularity" and was widely performed both musically and dramatically. (*Id.* at ¶ 11.)

The Amended Complaint then alleged that, at the time of the First Agreement, "sound motion pictures were unknown commercially." (*Id.* at ¶ 15.) Therefore, the First

[14] The third cause of action—alleging that Summy Co. unlawfully tried to acquire an interest in the *Song Stories* copyright from the estate of the Hill sisters' brother, William Hill—is not relevant.

[15] The "aforesaid" paragraphs referred to the copyrights in *Good Morning* and *Song Stories*. (*See* J.A. 50 at ¶ 12.) The *Happy Birthday* lyrics were never made part of any of these copyrights.

Agreement did not "contemplate the use of the aforementioned songs in sound motion pictures or dramatic performances or in any other wise or manner except in sheet music form." (*Id.*) Accordingly, the First Agreement did not give Summy Co. "the right to grant licenses or sub-licenses to the producers of sound motion pictures or dramatic performances in respect to the use of any of said songs therein and in particular the aforesaid song 'HAPPY BIRTHDAY TO YOU.'" (*Id.*) And yet, according to the Amended Complaint, that was precisely what Summy Co. had been doing: "secretly enter[ing] into various agreements with the producers of sound motion pictures and of stage or dramatic performances . . . for the sound and dialogue rights for the use of the song 'HAPPY BIRTHDAY TO YOU' and purport[ing] to hold itself out as having the right to grant licenses or sub-licenses in respect to the use of the aforesaid song." (*Id.* at ¶ 18.) This conduct, the Hill Foundation alleged, was "in violation of the rights conferred upon" the Hill sisters and the Hill Foundation "by the copyright laws of the United States of America." (*Id.* at ¶ 20.)

In the second cause of action, the Hill Foundation alleged that Jessica had entered into another agreement in 1934 and 1935—the Second Agreement—granting Summy Co. "a number of licenses for the publication, sale and performance of various piano arrangements of the song variously entitled 'GOOD MORNING TO ALL' or 'HAPPY BIRTHDAY TO YOU'" in return for further royalties. (*Id.* at ¶ 24.) In contrast to the First Agreement, the Second Agreement apparently contemplated the use of these piano arrangements in motion pictures and plays, because Jessica was entitled to 50% of any payment Summy Co. received for the "*performance* [of the works] in any country." (*Id.* at ¶ 26 (emphasis added); *see also id.* at ¶ 24 (licenses granted "for the publication, sale and *performance* of various piano arrangements") (emphasis added).) The Hill Foundation then went on to say that "by reason of [Summy Co.'s] breach of duty and wrongful conduct as alleged in the paragraphs . . . 'EIGHTEENTH' to 'TWENTIETH' [the paragraphs in the first cause of action describing the secret licensing agreements granted

by Summy Co. to movie and play producers]," it was electing to terminate the Second Agreement. (*Id.* at ¶ 29.)

In its Answer, Summy Co. took issue with some of the Hill Foundation's allegations, but it agreed with most of the important points. As to the First Agreement, Summy Co. denied that the Hill sisters had granted it only limited rights in the sheet music of *Song Stories*, but admitted that it had granted licenses to movie and play producers for *Happy Birthday*. (J.A. 51 at ¶¶ 9, 12.) As to the Second Agreement, Summy Co. described it as "several so-called royalty contracts wherein and whereby it was provided that the said Jessica M. Hill sold, assigned, and transferred to [Summy Co.] various piano arrangements of the said musical composition 'Good Morning To All' and all world rights (including publishing, public performance and mechanical reproduction rights) . . . of said work" in return for royalties. (*Id.* at ¶ 18.) Summy Co. confirmed that Jessica was to receive 50% of any payment made to Summy Co. for the "performance of said work." (*Id.*)

Defendants argue that a fact finder could reasonably infer from these pleadings that Jessica transferred rights to the *Happy Birthday* lyrics to Summy Co. under the Second Agreement, thus raising an issue of fact for trial. We disagree. Such an inference is so implausible that no reasonable fact finder could so find. *See Matsushita*, 475 U.S. at 586 ("When the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show that there is some metaphysical doubt as to the material facts.").

First, and most importantly, an inference that the Second Agreement had something to do with the *Happy Birthday* lyrics is not supported by any explicit description of the agreement in either the Amended Complaint or the Answer. Both the Hill Foundation and Summy Co. described the agreement as transferring rights in "piano arrangements." (J.A.

50 at ¶ 24; J.A. 51 at ¶ 18.) Obviously, pianos do not sing. Thus, it is not logical to infer that rights to "piano arrangements" would include rights to any lyrics or words as well.

Defendants argue that the lyrics must have been part of the Second Agreement because the Amended Complaint described the arrangements as based on the "song variously entitled 'GOOD MORNING TO ALL' *or* 'HAPPY BIRTHDAY TO YOU.'" (J.A. 50 at ¶ 24 (emphasis added).) But this quoted statement says nothing about the transfer of any lyrics. The *Happy Birthday* lyrics could not have been "variously entitled" "Good Morning To All." If anything, it is a reference to the fact that *Good Morning* and *Happy Birthday* have the same melody and therefore are, in that sense, the same song that formed the basis of the piano arrangements. Notably, only a few sentences later, the Hill Foundation described the content of works involved in the Second Agreement again, but this time it called them "various piano arrangements of said song 'GOOD MORNING TO ALL'" with no reference to *Happy Birthday* at all. (*Id.* at ¶ 29.) In its Answer, Summy Co. similarly described the works as "various piano arrangements of the said musical composition 'Good Morning To All'" without mentioning *Happy Birthday*.[16] (J.A. 51 at ¶ 18.)

Second, an inference that the Second Agreement covered the lyrics is unreasonable because it would be inconsistent with the underlying legal theory behind the lawsuit. If

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[16] It is true, as Defendants point out, that neither the Hill Foundation nor Summy Co. ever explicitly said that the Second Agreement did *not* include the *Happy Birthday* lyrics. (Hr'g Tr. of March 23, 2015 at 37:10-13 ("COURT: . . . Doesn't that seem to say that all that was licensed was piano arrangements, not the lyrics? It doesn't say anything about lyrics as far as I can see. MR. KLAUS: It doesn't say lyrics were not included.").) But that is hardly surprising inasmuch as the agreements were about piano arrangements. Moreover, it is Defendants' burden to prove there was a transfer. The absence of evidence, without more, does not help Defendants carry their burden at trial or raise a triable factual issue here on summary judgment.

the Second Agreement had covered the *Happy Birthday* lyrics, that would have meant that in 1934 and 1935 Jessica explicitly granted Summy Co. the right to license the lyrics to others for public performance. (J.A. 50 at ¶ 24 (Second Agreement granted Summy Co. rights to "the publication, sale and *performance*") (emphasis added); *id.* at ¶ 26 (Second Agreement gave Jessica right to 50% of any payment Summy Co. received for the "*performance* [of the works] in any country."); J.A. 51 at ¶ 18. (Second Agreement gave Summy Co. "all world rights (including publishing, *public performance* and mechanical reproduction rights) . . . of said work") (emphasis added); *id.* (Second Agreement gave Jessica rights to 50% of any payment Summy Co. received "for the mechanical reproduction or *performance*" of the work "in any country") (emphasis added).) If that were the case, there would have been no reason for the Hill Foundation to accuse Summy Co. of "secretly" entering into deals behind the Hill sisters' backs with movie and play producers, granting them permission to publically perform *Happy Birthday*. Moreover, there would have been no reason for Summy Co. not to point out in its Answer that it had acquired the public performance rights to the lyrics from Jessica under the Second Agreement, since that fact would have given the company a strong defense to the accusation that what they were doing was somehow a "secret" or was otherwise unlawful.

Third, Defendants posit that the allegations in the Amended Complaint can be read to indirectly imply that the Second Agreement covered the *Happy Birthday* lyrics. But this theory is based on a misunderstanding of what the Amended Complaint actually said. Defendants' theory appears to be that the Hill Foundation sued Summy Co. because Jessica had granted Summy Co. permission to publish and distribute copies of the *Happy Birthday* lyrics in sheet music form under the Second Agreement, but Summy Co. had exceeded the scope of that agreement by granting movie and play producers the rights to publically perform the lyrics. (*See* Jt. Supp. Br. at 16 ("In 1934 and 1935, Jessica granted Summy the rights to publish, copyright, and sell *Happy Birthday to You* [including the lyrics] as sheet music, in exchange for a percentage of the list price for sales. . . . Patty

and Jessica's foundation, the Hill Foundation, sued Summy in 1942. The Foundation asserted that Summy had exceeded the scope of its license to publish *Happy Birthday to You* sheet music by sublicensing the 'sound and dialogue rights for the use of the song'—*i.e.*, the melody and lyrics—in movies and plays.") (emphasis in original); *see also* Hr'g Tr. of July 29, 2015 at 52:6-62:6 (colloquy with Defendants' counsel discussing transfer theory based on the Amended Complaint); Hr'g Tr. of March 23, 2015 at 37:8-40:11 (same).)

Defendants' theory is not consistent with the allegations in the Amended Complaint. As discussed, the Second Agreement was not limited to sheet music. That was the First Agreement. Moreover, the Hill Foundation did not accuse Summy Co. of exceeding the scope of the Second Agreement. That was, again, the First Agreement. In fact, the Hill Foundation did not accuse Summy Co. of doing anything unlawful with respect to the Second Agreement. Rather, it sought termination of the Second Agreement in light of Summy Co.'s alleged unlawful conduct with respect to the First Agreement. Finally, the Hill Foundation's accusation that Summy Co. exceeded the scope of the rights it possessed had nothing to do with the *Happy Birthday* lyrics. The Hill Foundation leveled that accusation in the first cause of action in the context of discussing the First Agreement, which covered only the *Happy Birthday/Good Morning* melody, not the *Happy Birthday* lyrics.[17]

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[17] Defendants suggest in their briefing that because the Hill Foundation described the licenses that Summy Co. granted as concerning "dialogue rights," this somehow meant that Summy Co. was accused of granting licenses for the public performance of the lyrics specifically, not just the melody. (*See* Jt. Supp. Br. at 16 ("The Foundation asserted that Summy had exceeded the scope of its license to publish *Happy Birthday to You* sheet music by sublicensing the 'sound and dialogue rights for the use of the song'—*i.e.*, the melody and lyrics—in movies and plays.") (emphasis in original).) There is no logical reason to make such an assumption—an actor singing in a movie can reproduce the melody of a song just as easily as the lyrics—and Defendants cite nothing in support of their

Finally, Defendants argue that Summy Co. must have been given the rights to the *Happy Birthday* lyrics because, otherwise, the Hill Foundation would have sued Summy Co. for publishing the lyrics in sheet music form without permission in 1935, in addition to accusing the company of granting unauthorized licenses to movie producers and others for public performance of those lyrics. (*See* Hr'g Tr. of July 29, 2015 at 59:11-21 ("MR. KLAUS: Your Honor, the question I would have, Your Honor, is then why seven years after Summy had published *Happy Birthday to You* with lyrics [as E51990] and if Jessica—if Jessica Hill is complaining about the fact that you are using this in motion pictures and I don't—I don't like you using it in motion pictures and I only granted you a license with respect to a particular musical arrangement that some other people have called *Good Morning to All* and some other people call *Happy Birthday to You*, why is there no complaint by Jessica Hill or the Hill Foundation about Summy's publishing the sheet music, including the lyrics?").) This argument fails as well. The record contains no evidence that the Hill Foundation chose not to sue Summy Co. for publishing the lyrics because Jessica had authorized the company to publish them. Defendants' argument is based on unsupported speculation, which cannot create a triable issue of fact in and of itself, especially where that speculation is premised in part on a theory that, for the reasons discussed above, would be inconsistent with, and is a misreading of, the allegations in the Amended Complaint. *See LVRC Holdings LLC v. Brekka*, 581 F.3d 1127, 1136 (9th Cir. 2009) ("While we must draw all reasonable inferences in favor of the non-moving party, we need not draw inferences that are based solely on speculation.").

Defendants' fall-back argument is that, even if the Hill sisters/the Hill Foundation had not granted Summy Co. any rights in the Second Agreement, the Hill Foundation did

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interpretation of "dialogue rights." In any event, even if dialogue rights meant lyrics, which we doubt, Defendants' argument fails because that theory would run contrary to their argument that the rights to the lyrics were granted to Summy Co. in the Second Agreement which, according to the Amended Complaint, included performance rights.

so in the Third Agreement. This argument fails as well. Unlike the First and Second Agreement, we have a copy of the Third Agreement in the record. The Third Agreement was entered into in 1944 to resolve the Hill-Summy lawsuit. (*See* J.A. 126 at ¶ g.) Under the agreement, the Hill Foundation and the Hill sisters transferred all their "right, title and interest . . . in" eleven different registered copyrighted works, including all the copyrights to the various published versions of *Song Stories* and the copyrights to E51990 and four other piano-based versions of *Happy Birthday* (presumably, the "various piano arrangements" of the Second Agreement). (*Id.* at ¶¶ a, 2.) Nowhere in the agreement is there any discussion of the *Happy Birthday* lyrics; nor is there any suggestion that the Hill sisters transferred their common law rights in the *Happy Birthday* lyrics to Summy Co.

The argument that the Third Agreement transferred the *Happy Birthday* lyrics to Summy Co. is circular. The agreement could have transferred such rights only if the lyrics were within the scope of one of the eleven copyrighted works that were the subject of the agreement. But the lyrics could have been within the scope of those registered copyrights only if, at some point in the past, the Hill sisters had given Summy Co. authorization to publish and register the lyrics. As already discussed, there is no evidence showing that the Hill sisters ever did that. Other than this circular argument, the Third Agreement itself contains no reference to the transfer of the *Happy Birthday* lyrics.[18]

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[18] Defendants cite two cases, *Bridgeport Music*, 2014 WL 7877773, and *Sylvestre v. Oswald*, No. 91 Civ. 5060 (JSM), 1993 U.S. Dist. LEXIS 7002, (S.D.N.Y. May 18, 1993), that they claim stand for the proposition that any material appearing in a deposit copy is considered within the scope of the registration. These cases are distinguishable in that they address the "scope" of a registration to determine what copyright material is considered registered for purposes of satisfying the Copyright Act's requirement that "[r]egistration is a necessary precursor to a suit for infringement." *Sylvestre*, 1993 U.S. Dist. LEXIS 7002, at *3; *see also Bridgeport Music*, 2014 WL 7877773, at *8 (noting that the question of what material was present in the deposit copy could "bear on the

One last point is that we are mindful of the fact that the Second and Third Agreements, whatever their contents, cannot be considered in a vacuum. Defendants urge us to look to the intent of the contracting parties. (Hr'g Tr. of March 23, 2015 at 41:15-22 ("COURT: I'll take another look at the 1944 assignment, but it seems to me the 1944 assignment just assigned whatever rights they may have had in those specific copyright certificates as identified. So if that's it, then your argument becomes a little bit circular. MR. KLAUS: Well, I think it was all—it's a matter of intent as to what was covered by the assignment, Your Honor.").) But Defendants cannot point to any particular evidence that would show us the intent of contracting parties, aside from the evidence that we have already discussed. There is no evidence that Patty or any of the Hill sisters ever fought to protect the *Happy Birthday* lyrics on their own such that we might infer that they would have wanted to give their rights to Summy Co. to continue to protect them. The Hill sisters never tried to obtain a copyright for *Happy Birthday* on their own, even though Patty claimed to have written the lyrics decades earlier. None of the Hill sisters ever sued anyone for infringing the lyrics. Even Summy Co.'s behavior after the Third Agreement was executed does not show that any transfer occurred. Immediately after the Third Agreement was executed, Summy Co. filed several lawsuits alleging that *Happy Birthday* had been infringed. Yet, it never asserted that E51990 or any copyright interest it purportedly held in the lyrics had been infringed in those lawsuits. Looking to the intent of the parties does nothing to help Defendants' case because there is no evidence that the intent of the parties was to transfer the rights to the lyrics.

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copyright owner's ability to bring a civil action" based on that material). Neither case involves a situation in which a party attempted to register material to which it had no cognizable claim at the time of registration. To the extent that these cases suggest that E51990 could be considered a valid registration of the lyrics even if Summy Co. did not have permission to publish or register them, they are not binding on us and we decline to follow them.

2. Standing

Defendants also argue that Plaintiffs are completely barred from challenging the transfer of the *Happy Birthday* lyrics because a third-party has no standing to challenge existence of a transfer so long as the transferee and transferor do not dispute that the transfer occurred. Defendants rely chiefly on *Magnuson v. Video Yesteryear*, 85 F.3d 1424 (9th Cir. 1996) and *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27 (2d Cir. 1982) for this proposition. (Hr'g Tr. at March 23, 2015 at 81:17-24 ("MR. KLAUS: . . . There is no dispute in this case between my client, any of my client's predecessors, and anyone representing the Hill sisters as to whether or not Summy had—Summy was entitled to make the registration in 1935 or not. And I think under the logic of *Eden Toys* and the *Magnuson* case, that would plainly—that would plainly say that they have no standing to—to object on that ground.").) These cases do not support Defendants' sweeping proposition.

In *Eden Toys*, the plaintiff had secured an exclusive license in 1975 from a copyright owner to sell various forms of merchandise based on the owner's work. 697 F.2d at 36. In 1979, the defendant began selling reproductions of the work in the form of "adult clothing," which was not one of the types of merchandise covered by the license. *Id.* When plaintiff sued defendant for infringing its rights as an exclusive licensee, defendant protested that plaintiff did not have a license over "adult clothing" and therefore had no standing to sue. *Id.* In response, plaintiff claimed that the copyright owner had informally granted it a broader license before 1979 and produced an agreement from 1980 between the copyright holder and plaintiff that expanded the scope of the 1975 license to cover merchandise like defendant's. *Id.* The district court concluded that this evidence was insufficient to prove a transfer had occurred before 1979 because both the 1909 and the 1976 Copyright Acts required that certain transfers of rights, including exclusive licenses, be memorialized in writing. *See id.*; 17 U.S.C. § 204(a) (1976 Act) ("A transfer

of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent."); 17 U.S.C. § 28 (1909 Act) ("Copyright secured under this title or previous copyright laws of the United States may be assigned, granted, or mortgaged by an instrument in writing signed by the proprietor of the copyright, or may be bequeathed by will.").

The Second Circuit reversed, concluding that the "informal" pre-1979 transfer was not necessarily invalid. *Eden Toys*, 697 F.2d at 36. Specifically, the court stated that "the note or memorandum of the transfer [required under the Copyright Act] need not be made at the time when the license is initiated; the requirement is satisfied by the copyright owner's later execution of a writing which confirms the agreement." *Id.* (internal quotation marks omitted). Notably, the Second Circuit did not say that plaintiff could satisfy the Copyright Act's writing requirement by simply asserting, without any evidence, that a transfer of rights had occurred at some point. Rather, the Second Circuit remanded the case to the district court to determine if plaintiff had sufficient evidence to prove that there was an informal agreement before 1979. *Id.*

In *Magnuson*, plaintiff John Magnuson copyrighted a work in the name of his company, Columbus Productions, Inc. ("Columbus") in 1968. 85 F.3d at 1426. Throughout the 1970s, he operated Columbus informally as its CEO and sole regular employee. *Id.* During this time, he stopped using the name Columbus and started operating the business as "John Magnuson Associates," even granting licenses to third-parties to use the copyrighted work under that name. *Id.* In 1979, the state of California suspended Columbus's corporate status for failure to pay taxes. *Id.* at 1427. In 1993, after the plaintiff discovered that another individual had been distributing copies of the copyrighted work for nearly a decade without authorization, plaintiff executed a written transfer of the work between Columbus and "John Magnuson d/b/a John Magnuson and

Associates," and then filed an infringement suit. *Id.* at 1427-28. The defendant challenged plaintiff's standing to bring his lawsuit because there was no valid transfer of the copyright. *Id.* at 1428. After a bench trial, the district court made factual findings that Columbus had informally transferred the rights to plaintiff in the seventies, though not in writing. *Id.* at 1429. On appeal, the Ninth Circuit held that the district court's factual findings were not clearly erroneous and concluded that the written memorandum from 1993, though it was not executed at the time of the actual transfer, was sufficient to satisfy the Copyright Act's writing requirement. *Id.*

Contrary to Defendants' suggestion, *Magnuson* and *Eden Toys* do not stand for the proposition that so long as an alleged transferor and transferee say that a transfer occurred, a third-party has no choice but to take them at their word. Rather, these cases stand for the proposition that, if there is evidence of a transfer, the informality with which the transfer was conducted does not prevent the transferee from asserting an interest in the copyright. In particular, the narrow holding of both cases is that "under some circumstances a prior oral grant that is confirmed by a later writing becomes valid as of the time of the oral grant . . . ." *Id.* at 1428; *see also Eden Toys*, 697 F.2d at 36 ("[S]ince the purpose of the [Copyright Act's writing requirement] is to protect copyright holders from persons mistakenly or fraudulently claiming oral licenses, the 'note or memorandum of the transfer' need not be made at the time when the license is initiated; the requirement is satisfied by the copyright owner's later execution of a writing which confirms the agreement.").

Here, unlike in both *Magnuson* and *Eden Toys*, Defendants have no evidence a transfer occurred, whether by oral statement, by writing, or by conduct. The Second Agreement was for piano arrangements. The Third Agreement was for copyrighted works, like *Song Stories* and the piano arrangements, that did not cover the lyrics. *See supra* Section V.E.1. There is no other testimony or circumstantial evidence tending to

show that a transfer of the lyrics occurred.[19] In fact, Defendants cannot even point to evidence showing that the Hill sisters transferred their rights in the lyrics to the Hill Foundation, such that the Hill Foundation could, in turn, legitimately transfer them to Summy Co. The only agreements between the Hill sisters and the Hill Foundation in the record concern the transfer of the same eleven copyrighted works that were the subject of the Third Agreement. (J.A. 42, 49, 113.) The holdings of *Eden Toys* and *Magnuson* cannot be stretched to suggest that under these circumstances, Plaintiffs are somehow barred from challenging the existence of a transfer, especially where Defendants bear the burden to prove they received rights from the author of the lyrics. *Feist Publ'ns*, 499 U.S. at 361.

Accordingly, Defendants' Motion is **DENIED**, and Plaintiffs' Motion is **GRANTED** as to the issue of whether Summy Co. ever received the rights to the *Happy Birthday* lyrics from the Hill sisters.

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[19] Defendants have asserted at various times that there is evidence the Hill sisters received royalties for licensing the *Happy Birthday* lyrics. We disagree. There is evidence that the Hill sisters were entitled to royalties from Summy Co. under the Third Agreement, but those were royalties for the reproduction and use of the eleven copyright works already discussed. (J.A. 126 at 1945-48.) They also may have been receiving royalties from the American Society of Composers, Authors and Publishers ("ASCAP") for performance of *Happy Birthday*, but there is no evidence tending to show that ASCAP collected royalties for use of the lyrics specifically, as opposed to the use of the melody. Defendants contend that an article from 1950 reported that they were receiving royalties from ASCAP for the lyrics. But the article merely reports that they were generally receiving royalties for the song, not the lyrics specifically. (J.A. 60 at 755 (reporting that *Happy Birthday* was "very valuable" and that ASCAP was policing the "unlicensed commercial use of the song").) Moreover, the same article, only a few paragraphs later, reports that the lyrics were being freely used for public performance without a license as late as 1947. (*See id.* ("In the play 'Happy Birthday' which opened early in 1947 . . . the words of 'Happy Birthday to You' were spoken, not sung, when it was discovered that the well-known birthday song was not in the public domain . . . .").)

VI. Conclusion

The summary judgment record shows that there are triable issues of fact as to whether Patty wrote the *Happy Birthday* lyrics in the late Nineteenth Century and whether Mildred may have shared an interest in them as a co-author. Even assuming this is so, neither Patty nor Mildred nor Jessica ever did anything with their common law rights in the lyrics. For decades, with the possible exception of the publication of *The Everyday Song Book* in 1922, the Hill sisters did not authorize any publication of the lyrics. They did not try to obtain federal copyright protection. They did not take legal action to prevent the use of the lyrics by others, even as *Happy Birthday* became very popular and commercially valuable. In 1934, four decades after Patty supposedly wrote the song, they finally asserted their rights to the *Happy Birthday*/*Good Morning* melody—but still made no claim to the lyrics.

Defendants ask us to find that the Hill sisters eventually gave Summy Co. the rights in the lyrics to exploit and protect, but this assertion has no support in the record. The Hill sisters gave Summy Co. the rights to the melody, and the rights to piano arrangements based on the melody, but never any rights to the lyrics. Defendants' speculation that the pleadings in the Hill-Summy lawsuit somehow show that the Second Agreement involved a transfer of rights in the lyrics is implausible and unreasonable. Defendants' suggestion that the Third Agreement effected such a transfer is circular and fares no better. As far as the record is concerned, even if the Hill sisters still held common law rights by the time of the Second or Third Agreement, they did not give those rights to Summy Co.

In light of the foregoing, Defendants' Motion is **DENIED** and Plaintiffs' Motion is **GRANTED** as set forth above.[20] Because Summy Co. never acquired the rights to the *Happy Birthday* lyrics, Defendants, as Summy Co.'s purported successors-in-interest, do not own a valid copyright in the *Happy Birthday* lyrics.

IT IS SO ORDERED.

DATED: September 22, 2015

GEORGE H. KING
Chief United States District Judge

[20] To the extent the Parties cross-move on the chain of title issue, their Motions are denied as moot in light of our disposition of the transfer issue.

130 S.Ct. 1237 (2010)

REED ELSEVIER, INC., et al., Petitioners,
v.
Irvin MUCHNICK et al.

No. 08-103.

Supreme Court of United States.

Argued October 7, 2009.
Decided March 2, 2010.

1240 *1240 Charles S. Sims, New York, NY, for petitioners.

Ginger Anders for the United States as amicus curiae, by special leave of the Court, supporting the petitioners.

Deborah Jones Merritt, appointed by this Court, as amicus curiae, supporting the judgment below. Justice Sotomayor recused.

Michael J. Boni, Counsel of Record, Joanne Zack, Joshua D. Snyder, Boni & Zack LLC, Bala Cynwyd, PA, for respondents Letty Cottin Pogrebin.

Diane S. Rice, Hosie Rice LLP, San Francisco, CA, A.J. De Bartolomeo, Girard Gibbs LLP, San Francisco, CA, Gary S. Fergus, Fergus, A Law Office, San Francisco, CA, Robert J. LaRocca, George W. Croner, Kohn Swift & Graf, P.C., Philadelphia, PA, for respondents.

David Nimmer, Irell & Manella LLP, Los Angeles, CA, Charles S. Sims, Counsel of Record, Jon A. Baumgarten, Mark D. Harris, Anna G. Kaminska, Proskauer Rose LLP, New York, NY, for petitioners.

1241 *1241 Henry B. Gutman, Simpson Thacher & Bartlett LLP, New York, NY, for petitioner Dow Jones Reuters Business Interactive LLC, d/b/a Factiva.

James L. Hallowell, Richard A. Bierschbach, Gibson, Dunn & Crutcher LLP, New York, NY, for petitioners Dow Jones & Company, Inc.

Ian Ballon, Greenberg Traurig LLP, Santa Monica, CA, for petitioners Knight-Ridder, Inc., Knight Ridder Digital, and Mediastream, Inc.

Matthew W. Walch, Latham & Watkins, Chicago, IL, for petitioner ProQuest Company.

Michael S. Denniston, Bradley Arant, Boult & Cummings LLP, Birmingham, AL, for petitioner EBSCO Industries, Inc.

Pamela S. Karlan, Jeffrey L. Fisher, Stanford Law School, Supreme Court Litigation Clinic, Stanford, CA, Charles D. Chalmers, Counsel of Record, Fairfax, CA, Amy Howe, Kevin K. Russell Howe & Russell, P.C., Bethesda, MD, for Muchnick respondents.

Justice THOMAS, delivered the opinion of the Court.

Subject to certain exceptions, the Copyright Act (Act) requires copyright holders to register their works before suing for copyright infringement. 17 U.S.C.A. § 411(a) (Supp.2009). In this case, the Court of Appeals for the Second Circuit held that a copyright holder's failure to comply with § 411(a)'s registration requirement deprives a federal court of jurisdiction to adjudicate his copyright infringement claim. We disagree. Section 411(a)'s registration requirement is a precondition to filing a claim that does not restrict a federal court's subject-matter jurisdiction.

I

A

The Constitution grants Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors . . . the exclusive Right to . . . their . . . Writings." Art. I, § 8, cl. 8. Exercising this power, Congress has crafted a comprehensive statutory scheme governing the existence and scope of "[c]opyright protection" for "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102(a). This scheme gives copyright owners "the exclusive rights" (with specified statutory exceptions) to distribute, reproduce, or publicly perform their works. § 106. "Anyone who violates any of the exclusive rights of the copyright owner as provided" in the Act "is an infringer of the copyright." § 501(a). When such infringement occurs, a copyright owner "is entitled, *subject to the requirements of section 411,* to institute an action" for copyright infringement. § 501(b) (emphasis added).

This case concerns "the requirements of section 411" to which § 501(b) refers. Section 411(a) provides, *inter alia* and with certain exceptions, that "no civil action for infringement of the copyright in any United States work shall be instituted until
1242 preregistration or registration of the copyright claim has been made in accordance with this title."[1] This provision is part of *1242 the Act's remedial scheme. It establishes a condition—copyright registration—that plaintiffs ordinarily must satisfy before filing an infringement claim and invoking the Act's remedial provisions. We address whether § 411(a) also deprives federal courts of subject-matter jurisdiction to adjudicate infringement claims involving unregistered works.

B

The relevant proceedings in this case began after we issued our opinion in *New York Times Co. v. Tasini,* 533 U.S. 483, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001). In *Tasini,* we agreed with the Court of Appeals for the Second Circuit that several owners of online databases and print publishers had infringed the copyrights of six freelance authors by reproducing the authors' works electronically without first securing their permission. See *id.,* at 493, 121 S.Ct. 2381. In so holding, we affirmed the principal theory of liability underlying copyright infringement suits that other freelance authors had filed after the Court of Appeals had issued its opinion in *Tasini.* These other suits, which were stayed pending our decision in *Tasini,* resumed after we issued our opinion and were consolidated in the United States District Court for the Southern District of New York by the Judicial Panel on Multidistrict Litigation.

The consolidated complaint alleged that the named plaintiffs each own at least one copyright, typically in a freelance article written for a newspaper or a magazine, that they had registered in accordance with § 411(a). The class, however, included both authors who had registered their copyrighted works and authors who had not. See App. 94.

Because of the growing size and complexity of the lawsuit, the District Court referred the parties to mediation. For more than three years, the freelance authors, the publishers (and their insurers), and the electronic databases (and their insurers) negotiated. Finally, in March 2005, they reached a settlement agreement that the parties intended "to achieve a global peace in the publishing industry." *In re Literary Works in Electronic Databases Copyright Litigation,* 509 F.3d 116, 119 (C.A.2 2007).

The parties moved the District Court to certify a class for settlement and to approve the settlement agreement. Ten freelance authors, including Irvin Muchnick (hereinafter Muchnick respondents), objected. The District Court overruled the objections; certified a settlement class of freelance authors under Federal Rules of Civil Procedure 23(a) and (b)(3); approved the settlement as fair, reasonable, and adequate under Rule 23(e); and entered final judgment. At no time did the Muchnick respondents or any other party urge the District Court to dismiss the case, or to refuse to certify the class or approve the settlement, for lack of subject-matter jurisdiction.

The Muchnick respondents appealed, renewing their objections to the settlement on procedural and substantive grounds. Shortly before oral argument, the Court of Appeals *sua sponte* ordered briefing on the question whether § 411(a) deprives federal courts of subject-matter jurisdiction over infringement claims involving unregistered copyrights. All parties filed briefs asserting that the District Court had subject-matter jurisdiction to approve the settlement agreement even though it included unregistered works.

1243 *1243 Relying on two Circuit precedents holding that § 411(a)'s registration requirement was jurisdictional, see 509 F.3d, at 121 (citing *Well-Made Toy Mfg. Corp. v. Goffa Int'l Corp.,* 354 F.3d 112, 114-115 (C.A.2 2003); *Morris v. Business Concepts, Inc.,* 259 F.3d 65, 72-73 (CA2 2001)), the Court of Appeals concluded that the District Court lacked jurisdiction to certify a class of claims arising from the infringement of unregistered works, and also lacked jurisdiction to approve a settlement with respect to those claims, 509 F.3d, at 121 (citing "widespread agreement among the circuits that section 411(a) is jurisdictional").[2]

Judge Walker dissented. He concluded "that § 411(a) is more like the [nonjurisdictional] employee-numerosity requirement in *Arbaugh* [v. *Y & H Corp.,* 546 U.S. 500, 126 S.Ct. 1235, 163 L.Ed.2d 1097 (2006)]" than the jurisdictional statutory time limit in *Bowles v. Russell,* 551 U.S. 205, 127 S.Ct. 2360, 168 L.Ed.2d 96 (2007). 509 F.3d, at 129. Accordingly, he reasoned that § 411(a)'s registration requirement does not limit federal subject-matter jurisdiction over infringement suits involving unregistered works. *Ibid.*

We granted the owners' and publishers' petition for a writ of certiorari, and formulated the question presented to ask whether § 411(a) restricts the subjectmatter jurisdiction of the federal courts over copyright infringement actions. 555 U.S. ___, 129 S.Ct. 1523, 173 L.Ed.2d 655 (2009). Because no party supports the Court of Appeals' jurisdictional holding, we appointed an *amicus curiae* to defend the Court of Appeals' judgment.[3] 556 U.S. ___, 129 S.Ct. 1693, 173 L.Ed.2d 1053 (2009). We now reverse.

II

A

"Jurisdiction" refers to "a court's adjudicatory authority." *Kontrick v. Ryan,* 540 U.S. 443, 455, 124 S.Ct. 906, 157 L.Ed.2d 867 (2004). Accordingly, the term "jurisdictional" properly applies only to "prescriptions delineating the classes of cases (subject-matter jurisdiction) and the persons (personal jurisdiction)" implicating that authority. *Ibid.*; see also *Steel Co. v. Citizens for Better Environment,* 523 U.S. 83, 89, 118 S.Ct. 1003, 140 L.Ed.2d 210 (1998) ("subject-matter jurisdiction" refers to "the courts' statutory or constitutional *power* to adjudicate the case" (emphasis in original)); *Landgraf v. USI Film Products,* 511 U.S. 244, 274, 114 S.Ct. 1483, 128 L.Ed.2d 229 (1994) ("[J]urisdictional statutes `speak to the power of the court rather than to the rights or obligations of the parties'" (quoting *Republic Nat. Bank of Miami v. United States,* 506 U.S. 80, 100, 113 S.Ct. 554, 121 L.Ed.2d 474 (1992) (THOMAS, J., concurring))).

While perhaps clear in theory, the distinction between jurisdictional conditions and claim-processing rules can be confusing in
1244 practice. Courts—including this Court—have sometimes mischaracterized claim-processing rules or elements of a *1244 cause of action as jurisdictional limitations, particularly when that characterization was not central to the case, and thus did not require close analysis. See *Arbaugh, supra,* at 511-512, 126 S.Ct. 1235 (citing examples); *Steel Co.,* 523 U.S., at 91, 118 S.Ct. 1003 (same). Our recent cases evince a marked desire to curtail such "drive-by jurisdictional rulings," *ibid.,* which too easily can miss the "critical difference[s]" between true jurisdictional conditions and nonjurisdictional limitations on causes of action, *Kontrick, supra,* at 456, 124 S.Ct. 906; see also *Arbaugh,* 546 U.S., at 511, 126 S.Ct. 1235.

In light of the important distinctions between jurisdictional prescriptions and claim-processing rules, see, *e.g., id.,* at 514, 126 S.Ct. 1235, we have encouraged federal courts and litigants to "facilitat[e]" clarity by using the term "jurisdictional" only when it is apposite, *Kontrick, supra,* at 455, 124 S.Ct. 906. In *Arbaugh,* we described the general approach to distinguish "jurisdictional" conditions from claim-processing requirements or elements of a claim:

> "If the Legislature clearly states that a threshold limitation on a statute's scope shall count as jurisdictional, then courts and litigants will be duly instructed and will not be left to wrestle with the issue. But when Congress does not rank a statutory limitation on coverage as jurisdictional, courts should treat the restriction as nonjurisdictional in character." 546 U.S., at 515-516, 126 S.Ct. 1235 (citation and footnote omitted).

The plaintiff in *Arbaugh* brought a claim under Title VII of the Civil Rights Act of 1964, which makes it unlawful "for an employer. . . to discriminate," *inter alia,* on the basis of sex. 42 U.S.C. § 2000e-2(a)(1). But employees can bring Title VII claims only against employers that have "fifteen or more employees." § 2000e(b). *Arbaugh* addressed whether that employee numerosity requirement "affects federal-court subject-matter jurisdiction or, instead, delineates a substantive ingredient of a Title VII claim for relief." 546 U.S., at 503, 126 S.Ct. 1235. We held that it does the latter.

Our holding turned principally on our examination of the text of § 2000e(b), the section in which Title VII's numerosity requirement appears. Section 2000e(b) does not "clearly stat[e]" that the employee numerosity threshold on Title VII's scope "count[s] as jurisdictional." *Id.,* at 515-516, and n. 11, 126 S.Ct. 1235. And nothing in our prior Title VII cases compelled the conclusion that even though the numerosity requirement lacks a clear jurisdictional label, it nonetheless imposed a jurisdictional limit. See *id.,* at 511-513, 126 S.Ct. 1235. Similarly, § 2000e(b)'s text and structure did not demonstrate that Congress "rank[ed]" that requirement as jurisdictional. See *id.,* at 513-516, 126 S.Ct. 1235. As we observed, the employee numerosity requirement

is located in a provision "separate" from § 2000e-5(f)(3), Title VII's jurisdiction-granting section, distinguishing it from the "amount-in-controversy threshold ingredient of subject-matter jurisdiction . . . in diversity-of-jurisdiction under 28 U.S.C. § 1332." *Arbaugh,* 546 U.S., at 514-515, 126 S.Ct. 1235. Accordingly, the numerosity requirement could not fairly be read to "`speak in jurisdictional terms or in any way refer to the jurisdiction of the district courts.'" *Id.,* at 515, 126 S.Ct. 1235 (quoting *Zipes v. Trans World Airlines, Inc.,* 455 U.S. 385, 394, 102 S.Ct. 1127, 71 L.Ed.2d 234 (1982)). We thus "refrain[ed] from" construing the numerosity requirement to "constric[t] § 1331 or Title VII's jurisdictional provision." *Arbaugh, supra,* at 515, 126 S.Ct. 1235 (internal quotation marks omitted).

1245 *1245 We now apply this same approach to § 411(a).

B

Section 411(a) provides:

> "Except for an action brought for a violation of the rights of the author under section 106A(a), and subject to the provisions of subsection (b), no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue."

We must consider whether § 411(a) "clearly states" that its registration requirement is "jurisdictional." *Arbaugh, supra,* at 515, 126 S.Ct. 1235. It does not. *Amicus* disagrees, pointing to the presence of the word "jurisdiction" in the last sentence of § 411(a) and contending that the use of the term there indicates the jurisdictional cast of § 411(a)'s first sentence as well. Brief for Court-Appointed *Amicus Curiae* in support of Judgment Below 18 (hereinafter *Amicus* Brief). But this reference to "jurisdiction" cannot bear the weight that *amicus* places upon it. The sentence upon which *amicus* relies states:

> "The Register [of Copyrights] may, at his or her option, become a party to the [copyright infringement] action with respect to *the issue of registrability of the copyright claim* by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine *that issue.*" § 411(a) (emphasis added).

Congress added this sentence to the Act in 1976, 90 Stat. 2583, to clarify that a federal court can determine "the issue of registrability of the copyright claim" even if the Register does not appear in the infringement suit. That clarification was necessary because courts had interpreted § 411(a)'s precursor provision,[4] which imposed a similar registration requirement, as prohibiting copyright owners who had been *refused* registration by the Register of Copyrights from suing for infringement until the owners *first* sought mandamus against the Register. See *Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.,* 260 F.2d 637, 640-641 (C.A.2 1958) (construing § 411(a)'s precursor). The 1976 amendment made it clear that a federal court plainly has adjudicatory authority to determine "*that* issue," § 411(a) (emphasis added)—*i.e.,* the issue of *registrability*—regardless of whether the Register is a party to the *infringement* suit. The word "jurisdiction," as used here, thus says nothing about whether a federal court has subject-matter jurisdiction to adjudicate claims for infringement of unregistered works.

1246 Moreover, § 411(a)'s registration requirement, like Title VII's numerosity requirement, is located in a provision "separate" *1246 from those granting federal courts subject-matter jurisdiction over those respective claims. See *Arbaugh, supra,* at 514-515, 126 S.Ct. 1235. Federal district courts have subject-matter jurisdiction over copyright infringement actions based on 28 U.S.C. §§ 1331 and 1338. But neither § 1331, which confers subject-matter jurisdiction over questions of federal law, nor § 1338(a), which is specific to copyright claims, conditions its jurisdictional grant on whether copyright holders have registered their works before suing for infringement. Cf. *Arbaugh, supra,* at 515, 126 S.Ct. 1235 ("Title VII's jurisdictional provision" does not "specif[y] any threshold ingredient akin to 28 U.S.C. § 1332's monetary floor").

Nor does any other factor suggest that 17 U.S.C.A. § 411(a)'s registration requirement can be read to "`speak in jurisdictional

terms or refer in any way to the jurisdiction of the district courts.'" *Arbaugh,* 546 U.S., at 515, 126 S.Ct. 1235 (quoting *Zipes,* 455 U.S., at 394, 102 S.Ct. 1127). First, and most significantly, § 411(a) expressly *allows* courts to adjudicate infringement claims involving unregistered works in three circumstances: where the work is not a U.S. work, where the infringement claim concerns rights of attribution and integrity under § 106A, or where the holder attempted to register the work and registration was refused. Separately, § 411(c) permits courts to adjudicate infringement actions over certain kinds of unregistered works where the author "declare[s] an intention to secure copyright in the work" and "makes registration for the work, if required by subsection (a), within three months after [the work's] first transmission." 17 U.S.C. §§ 411(c)(1)-(2). It would be at least unusual to ascribe jurisdictional significance to a condition subject to these sorts of exceptions.[5]

That the numerosity requirement in *Arbaugh* could be considered an element of a Title VII claim, rather than a prerequisite to initiating a lawsuit, does not change this conclusion, as our decision in *Zipes* demonstrates. *Zipes* (upon which *Arbaugh* relied) held that Title VII's requirement that sex-discrimination claimants timely file a discrimination charge with the EEOC before filing a civil action in federal court was nonjurisdictional. See 455 U.S., at 393, 102 S.Ct. 1127; 42 U.S.C. § 2000e-5(f)(1) (establishing specific time periods within which a discrimination claimant must file a lawsuit after filing a charge with the EEOC). A statutory condition that requires a party to take some action before filing a lawsuit is not automatically "a *jurisdictional* prerequisite to suit." *Zipes,* 455 U.S., at 393, 102 S.Ct. 1127 (emphasis added). Rather, the jurisdictional analysis must focus on the "legal character" of the requirement, *id.,* at 395, 102 S.Ct. 1127, which we discerned by looking to the condition's text, context, and relevant historical treatment, *id.,* at 393-395, 102 S.Ct. 1127; see also *National Railroad Passenger Corporation v. Morgan,* 536 U.S. 101, 119-121, 122 S.Ct. 2061, 153 L.Ed.2d 106 (2002). We similarly have treated as nonjurisdictional other
1247 types of threshold requirements that claimants *1247 must complete, or exhaust, before filing a lawsuit.[6]

The registration requirement in 17 U.S.C.A. § 411(a) fits in this mold. Section 411(a) imposes a precondition to filing a claim that is not clearly labeled jurisdictional, is not located in a jurisdiction-granting provision, and admits of congressionally authorized exceptions. See §§ 411(a)-(c). Section 411(a) thus imposes a type of pre-condition to suit that supports nonjurisdictional treatment under our precedents.

C

Amicus insists that our decision in *Bowles,* 551 U.S. 205, 127 S.Ct. 2360, 168 L.Ed.2d 96, compels a conclusion contrary to the one we reach today. *Amicus* cites *Bowles* for the proposition that where Congress did not explicitly label a statutory condition as jurisdictional, a court nevertheless should treat it as such if that is how the condition consistently has been interpreted and if Congress has not disturbed that interpretation. *Amicus* Brief 26. Specifically, *amicus* relies on a footnote in *Bowles* to argue that here, as in *Bowles,* it would be improper to characterize the statutory condition as nonjurisdictional because doing so would override "`a century's worth of precedent'" treating § 411(a)'s registration requirement as jurisdictional. *Amicus* Brief 26 (quoting *Bowles, supra,* at 209, n. 2, 127 S.Ct. 2360). This argument focuses on the result in *Bowles,* rather than on the analysis we employed.

Bowles did not hold that any statutory condition devoid of an express jurisdictional label should be treated as jurisdictional simply because courts have long treated it as such. Nor did it hold that all statutory conditions imposing a time limit should be
1248 considered jurisdictional.[7] Rather, *Bowles* *1248 stands for the proposition that context, including this Court's interpretation of similar provisions in many years past, is relevant to whether a statute ranks a requirement as jurisdictional.

In *Bowles,* we considered 28 U.S.C. § 2107, which requires parties in a civil action to file a notice of appeal within 30 days of the judgment being appealed, and Rule 4 of the Federal Rules of Appellate Procedure, which "carries § 2107 into practice." 551 U.S., at 208, 127 S.Ct. 2360. After analyzing § 2107's specific language and this Court's historical treatment of the type of limitation § 2107 imposes (*i.e.,* statutory deadlines for filing appeals), we concluded that Congress had ranked the statutory condition as jurisdictional. Our focus in *Bowles* on the historical treatment of statutory conditions for taking an appeal is thus consistent with the *Arbaugh* framework. Indeed, *Bowles* emphasized that this Court had long treated such conditions as jurisdictional, including in statutes *other* than § 2107, and specifically in statutes that predated the creation of the courts of appeals. See 551 U.S., at 209-210, and n. 2, 127 S.Ct. 2360.

Bowles therefore demonstrates that the relevant question here is not (as *amicus* puts it) whether § 411(a) itself has long been labeled jurisdictional, but whether the type of limitation that § 411(a) imposes is one that is properly ranked as jurisdictional absent an express designation. The statutory limitation in *Bowles* was of a type that we had long held *did* "speak in jurisdictional

terms" even absent a "jurisdictional" label, and nothing about § 2107's text or context, or the historical treatment of that type of limitation, justified a departure from this view. That was not the case, however, for the types of conditions in *Zipes* and *Arbaugh.*

Here, that same analysis leads us to conclude that § 411(a) does not implicate the subject-matter jurisdiction of federal courts. Although § 411(a)'s historical treatment as "jurisdictional" is a factor in the analysis, it is not dispositive. The other factors discussed above demonstrate that § 411(a)'s registration requirement is more analogous to the nonjurisdictional conditions we considered in *Zipes* and *Arbaugh* than to the statutory time limit at issue in *Bowles.*[8] We thus conclude that § 411(a)'s registration requirement is nonjurisdictional, notwithstanding its prior jurisdictional treatment.[9]

III

Amicus argues that even if § 411(a) is nonjurisdictional, we should nonetheless affirm on estoppel grounds the Court of
1249 Appeals' judgment vacating the *1249 District Court's order approving the settlement and dismissing the case. According to *amicus,* petitioners asserted previously in these proceedings that copyright registration was jurisdictional, and this assertion should estop them from now asserting a right to waive objections to the authors' failure to register. *Amicus* urges us to prevent the parties "from `playing fast and loose with the courts' by `deliberately changing positions according to the exigencies of the moment.'" *Amicus* Brief 58 (quoting *New Hampshire v. Maine,* 532 U.S. 742, 750, 121 S.Ct. 1808, 149 L.Ed.2d 968 (2001)).

We agree that some statements in the parties' submissions to the District Court and the Court of Appeals are in tension with their arguments here. But we decline to apply judicial estoppel. As we explained in *New Hampshire,* that doctrine typically applies when, among other things, a "party has succeeded in persuading a court to accept that party's earlier position, so that judicial acceptance of an inconsistent position in a later proceeding would create the perception that either the first or the second court was misled." *Id.,* at 750, 121 S.Ct. 1808 (internal quotation marks omitted).

Such circumstances do not exist here for two reasons. First, the parties made their prior statements when negotiating or defending the settlement agreement. We do not fault the parties' lawyers for invoking in the negotiations binding Circuit precedent that supported their clients' positions. Perhaps more importantly, in approving the settlement, the District Court did not adopt petitioners' interpretation of § 411(a) as jurisdictional. Second, when the Court of Appeals asked petitioners to brief whether § 411(a) restricted the District Court's subject-matter jurisdiction, they argued that it did not, and the Court of Appeals rejected their arguments. See App. to Reply Brief for Petitioners 3a-5a, and n. 2. Accepting petitioners' arguments here thus cannot create "inconsistent court determinations" in their favor. *New Hampshire, supra,* at 751, 121 S.Ct. 1808 (internal quotation marks omitted). We therefore hold that the District Court had authority to adjudicate the parties' request to approve their settlement.

IV

Our holding that § 411(a) does not restrict a federal court's subject-matter jurisdiction precludes the need for us to address the parties' alternative arguments as to whether the District Court had authority to approve the settlement even under the Court of Appeals' erroneous reading of § 411. In concluding that the District Court had jurisdiction to approve the settlement, we express no opinion on the settlement's merits.

We also decline to address whether § 411(a)'s registration requirement is a mandatory precondition to suit that—like the threshold conditions in *Arizona v. California,* 530 U.S. 392, 412-413, 120 S.Ct. 2304, 147 L.Ed.2d 374 (2000) (res judicata defense); *Day v. McDonough,* 547 U.S. 198, 205-206, 126 S.Ct. 1675, 164 L.Ed.2d 376 (2006) (habeas statute of limitations); and *Hallstrom v. Tillamook County,* 493 U.S. 20, 26, 31, 110 S.Ct. 304, 107 L.Ed.2d 237 (1989) (Resource Conservation and Recovery Act of 1976 notice provision)—district courts may or should enforce *sua sponte* by dismissing copyright infringement claims involving unregistered works.

*** * ***

We reverse the judgment of the Court of Appeals for the Second Circuit and remand this case for proceedings consistent with this opinion.

It is so ordered.

Justice SOTOMAYOR took no part in the consideration or decision of this case.

1250 *1250 Justice GINSBURG, with whom Justice STEVENS and Justice BREYER join, concurring in part and concurring in the judgment.

I agree with the Court's characterization of 17 U.S.C.A. § 411(a) (Supp.2009). That provision, which instructs authors to register their copyrights before commencing suit for infringement, "is a precondition to filing a claim that does not restrict a federal court's subject-matter jurisdiction." *Ante,* at 1241. I further agree that *Arbaugh v. Y & H Corp.,* 546 U.S. 500, 126 S.Ct. 1235, 163 L.Ed.2d 1097 (2006), is the controlling precedent, see *ante,* at 1244, and that *Bowles v. Russell,* 551 U.S. 205, 127 S.Ct. 2360, 168 L.Ed.2d 96 (2007), does not counsel otherwise. There is, however, undeniable tension between the two decisions. Aiming to stave off continuing controversy over what qualifies as "jurisdictional," and what does not, I set out my understanding of the Court's opinions in *Arbaugh* and *Bowles,* and the ground on which I would reconcile those rulings.

In *Arbaugh,* we held nonjurisdictional a prescription confining Title VII's coverage to employers with 15 or more employees, 42 U.S.C. § 2000e-2(a)(1). After observing that "the 15-employee threshold . . . `d[id] not speak in jurisdictional terms or refer in any way to the jurisdiction of the district courts,'" 546 U.S., at 515, 126 S.Ct. 1235 (quoting *Zipes v. Trans World Airlines, Inc.,* 455 U.S. 385, 394, 102 S.Ct. 1127, 71 L.Ed.2d 234 (1982)), the *Arbaugh* opinion announced and applied a "readily administrable bright line":

> "If the Legislature clearly states that a threshold limitation on a statute's scope shall count as jurisdictional, then courts and litigants will be duly instructed and will not be left to wrestle with the issue. But when Congress does not rank a statutory limitation on coverage as jurisdictional, courts should treat the restriction as nonjurisdictional in character. Applying that readily administrable bright line to this case, we hold that the threshold number of employees for application of Title VII is an element of a plaintiff's claim for relief, not a jurisdictional issue." 546 U.S., at 515-516, 126 S.Ct. 1235 (citation and footnote omitted).

As the above-quoted passage indicates, the unanimous *Arbaugh* Court anticipated that all federal courts would thereafter adhere to the "bright line" held dispositive that day.

Bowles moved in a different direction. A sharply divided Court there held "mandatory and jurisdictional" the time limits for filing a notice of appeal stated in 28 U.S.C. § 2107(a), (c). 551 U.S., at 209, 127 S.Ct. 2360 (internal quotation marks omitted). *Bowles* mentioned *Arbaugh* only to distinguish it as involving a statute setting "an employee-numerosity requirement, not a time limit." 551 U.S., at 211, 127 S.Ct. 2360. Section 2107's time limits were "jurisdictional," *Bowles* explained, because they were contained in a statute, not merely a rule, *id.,* at 210-213, 127 S.Ct. 2360, and because "[t]his Court ha[d] long held that the taking of an appeal within the prescribed time is `mandatory and jurisdictional,'" *id.,* at 209, 127 S.Ct. 2360. Fidelity to *Arbaugh* and similarly reasoned decisions,[*] the dissent in *Bowles* observed, would have yielded the conclusion that statutory time limits "are only jurisdictional if Congress says so." 551 U.S., at 217, 127 S.Ct. 2360 (opinion of Souter, J.).

1251 *1251 *Bowles* and *Arbaugh* can be reconciled without distorting either decision, however, on the ground that *Bowles* "rel[ied] on a long line of this Court's decisions left undisturbed by Congress." *Union Pacific R. Co. v. Locomotive Engineers and Trainmen Gen. Comm. of Adjustment, Central Region,* 558 U.S. ___, ___, 130 S.Ct. 584, 597, ___ L.Ed.2d ___ (2009) (citing *Bowles,* 551 U.S., at 209-211, 127 S.Ct. 2360). The same is true of our decision, subsequent to *Bowles,* in *John R. Sand & Gravel Co. v. United States,* 552 U.S. 130, 128 S.Ct. 750, 169 L.Ed.2d 591 (2008). There the Court concluded, largely on *stare decisis* grounds, that the Court of Federal Claims statute of limitations requires *sua sponte* consideration of a lawsuit's timeliness. *Id.,* at 136, 128 S.Ct. 750 ("[P]etitioner can succeed only by convincing us that this Court has overturned, or that it should now overturn, its earlier precedent.").

Plainly read, *Arbaugh* and *Bowles* both point to the conclusion that § 411(a) is nonjurisdictional. Section 411(a) "does not speak in jurisdictional terms or refer in any way to the jurisdiction of the district courts." *Zipes,* 455 U.S., at 394, 102 S.Ct. 1127. *Arbaugh*'s "readily administrable bright line" is therefore controlling. 546 U.S., at 516, 126 S.Ct. 1235.

Bowles does not detract from that determination. *Amicus,* reading *Bowles* as I do, urges on its authority that we hold § 411(a) jurisdictional lest we disregard "`a century's worth of precedent.'" Brief for Court-Appointed *Amicus Curiae* in Support of Judgment Below 26 (quoting *Bowles,* 551 U.S., at 209, n. 2, 127 S.Ct. 2360); see *ante,* at 1247. But in *Bowles* and *John R.*

Sand & Gravel Co., as just explained, we relied on longstanding decisions of *this Court* typing the relevant prescriptions "jurisdictional." *Bowles,* 551 U.S., at 209-210, 127 S.Ct. 2360 (citing, *inter alia, Scarborough v. Pargoud,* 108 U.S. 567, 2 S.Ct. 877, 27 L.Ed. 824 (1883), and *United States v. Curry,* 6 How. 106, 12 L.Ed. 363 (1848)); *John R. Sand & Gravel Co.,* 552 U.S., at 136, 128 S.Ct. 750. *Amicus* cites well over 200 opinions that characterize § 411(a) as jurisdictional, but not one is from this Court, and most are "`drive-by jurisdictional rulings' that should be accorded `no precedential effect,'" *Arbaugh,* 546 U.S., at 511, 126 S.Ct. 1235 (quoting *Steel Co. v. Citizens for Better Environment,* 523 U.S. 83, 91, 118 S.Ct. 1003, 140 L.Ed.2d 210 (1998)); see *Arbaugh,* 546 U.S., at 514-515, 126 S.Ct. 1235; *ante,* at 1243-1244.

*** * ***

For the reasons stated, I join the Court's judgment and concur in part in the Court's opinion.

[1] Other sections of the Act—principally §§ 408-410—detail the registration process, and establish remedial incentives to encourage copyright holders to register their works, see, *e.g.,* § 410(c); 17 U.S.C.A. § 412 (2005 ed. and Supp. 2009).

[2] See *La Resolana Architects, PA v. Clay Realtors Angel Fire,* 416 F.3d 1195, 1200-1201 (C.A.10 2005); *Positive Black Talk Inc. v. Cash Money Records Inc.,* 394 F.3d 357, 365 (C.A.5 2004); *Xoom, Inc. v. Imageline, Inc.,* 323 F.3d 279, 283 (C.A.4 2003); *Murray Hill Publications, Inc. v. ABC Communications, Inc.,* 264 F.3d 622, 630, and n. 1 (C.A.6 2001); *Brewer-Giorgio v. Producers Video, Inc.,* 216 F.3d 1281, 1285 (C.A.11 2000); *Data Gen. Corp. v. Grumman Systems Support Corp.,* 36 F.3d 1147, 1163 (C.A.1 1994).

[3] We appointed Deborah Jones Merritt to brief and argue the case, as *amicus curiae,* in support of the Court of Appeals' judgment. Ms. Merritt has ably discharged her assigned responsibilities.

[4] See Act of Mar. 4, 1909, § 12, 35 Stat. 1078.

[5] Cf. *Zipes,* 455 U.S., at 393-394, 397, 102 S.Ct. 1127 (relying on the fact that Congress had "approved" at least some cases awarding Title VII relief to claimants who had not complied with the statute's Equal Employment Opportunity Commission (EEOC) filing requirement in holding that the filing requirement was not a jurisdictional prerequisite to suit); *United States v. Cotton,* 535 U.S. 625, 630, 122 S.Ct. 1781, 152 L.Ed.2d 860 (2002) ("[J]urisdiction" properly refers to a court's power to hear a case, a matter that "can never be forfeited or waived").

[6] See *Jones v. Bock,* 549 U.S. 199, 211, 127 S.Ct. 910, 166 L.Ed.2d 798 (2007) (treating the administrative exhaustion requirement of the Prison Litigation Reform Act of 1995 (PLRA)—which states that "no action shall be brought with respect to prison conditions under § 1983 of this title, or any other Federal law, by a prisoner . . . until such administrative remedies as are available are exhausted," 42 U.S.C. § 1997e(a)—as an affirmative defense even though "[t]here is no question that exhaustion is mandatory under the PLRA and that unexhausted claims cannot be brought in court"); *Woodford v. Ngo,* 548 U.S. 81, 93, 126 S.Ct. 2378, 165 L.Ed.2d 368 (2006) (same).

[7] *Bowles,* for example, distinguished *Scarborough v. Principi,* 541 U.S. 401, 124 S.Ct. 1856, 158 L.Ed.2d 674 (2004), which characterized as nonjurisdictional an express statutory time limit for initiating postjudgment proceedings for attorney's fees under the Equal Access to Justice Act. See 551 U.S., at 211, 127 S.Ct. 2360. As we explained, the time limit in *Scarborough* "concerned `a *mode of relief* . . . ancillary to the judgment of a court' that already had plenary jurisdiction." 551 U.S., at 211, 127 S.Ct. 2360 (quoting *Scarborough, supra,* at 413, 124 S.Ct. 1856; (emphasis added)). *Bowles* also distinguished *Kontrick v. Ryan,* 540 U.S. 443, 124 S.Ct. 906, 157 L.Ed.2d 867 (2004), and *Eberhart v. United States,* 546 U.S. 12, 126 S.Ct. 403, 163 L.Ed.2d 14 (2005) *(per curiam),* as cases in which the Court properly held that certain time limits were nonjurisdictional because they were imposed by rules that did not purport to have any jurisdictional significance. See 551 U.S., at 210-211, 127 S.Ct. 2360. *Kontrick* involved "time constraints applicable to objections to discharge" in bankruptcy proceedings. 540 U.S., at 453, 124 S.Ct. 906. In that case, we first examined 28 U.S.C. § 157(b)(2)(J), the statute "conferring jurisdiction over objections to discharge," and observed that it did not contain a timeliness requirement. *Kontrick,* 540 U.S., at 453, 124 S.Ct. 906. Rather, the "time constraints applicable to objections to discharge" were contained in the Bankruptcy Rules, which expressly state that they "`shall not be construed to extend or limit the jurisdiction of the courts.'" See *ibid.* (quoting Fed. Rule Bkrtcy. Proc. 9030). *Eberhart,* in turn, treated as nonjurisdictional certain rules that the Court held "closely parallel[ed]" those in *Kontrick.* 546 U.S., at 15, 126 S.Ct. 403.

[8] This conclusion mirrors our holding in *Zipes* that Title VII's EEOC filing requirement was nonjurisdictional, even though some of our own decisions had characterized it as jurisdictional. See 455 U.S., at 393, 102 S.Ct. 1127 (noting that "the legal character of the requirement was not at issue in those" earlier cases); see also *National Railroad Passenger Corporation v. Morgan,* 536 U.S. 101, 109, 121, 122 S.Ct. 2061, 153 L.Ed.2d 106 (2002) (relying on the analysis in *Zipes*).

[9] *Amicus'* remaining jurisdictional argument—that the policy goals underlying copyright registration support construing § 411(a)'s registration provisions as jurisdictional, see *Amicus* Brief 45—is similarly unavailing. We do not agree that a condition should be ranked as jurisdictional merely because it promotes important congressional objectives. See *Arbaugh v. Y & H Corp.,* 546 U.S. 500, 504, 515-516, 126 S.Ct. 1235, 163 L.Ed.2d 1097 (2006) (holding that Title VII's numerosity requirement is nonjurisdictional even though it serves the important policy goal of "spar[ing] very small businesses from Title VII liability").

[*] *E.g., Eberhart v. United States,* 546 U.S. 12, 126 S.Ct. 403, 163 L.Ed.2d 14 (2005) *(per curiam)*; *Scarborough v. Principi,* 541 U.S. 401, 124 S.Ct. 1856, 158 L.Ed.2d 674 (2004); *Kontrick v. Ryan,* 540 U.S. 443, 124 S.Ct. 906, 157 L.Ed.2d 867 (2004).

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PHARRELL WILLIAMS, an individual; ROBIN THICKE, an individual; and CLIFFORD HARRIS, JR., an individual, Plaintiffs,

v.

BRIDGEPORT MUSIC, INC., a Michigan corporation; FRANKIE CHRISTIAN GAYE, an individual; MARVIN GAYE III, an individual; NONA MARVISA GAYE, an individual; and DOES 1 Through 10, inclusive, Defendants.

No. 14 Misc. 73-P1.

United States District Court, S.D. New York.

May 2, 2014.

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OPINION

ROBERT W. SWEET, District Judge.

Defendants and Counter-claimants Nona and Frankie Gaye (the "Gayes" or the "Counter-Claimants") have moved this Court, sitting in Part One, to quash the subpoena served by Plaintiffs and Counter-Defendants Pharrell Williams ("Williams"), Robin Thicke ("Thicke") and Clifford Harris, Jr. ("Harris") (collectively, the "Plaintiffs") on March 3, 2014 (the "Subpoena"), on Lawrence Ferrara, Ph.D. ("Ferrara") for the matter of *Williams v. Bridgeport Music, Inc.,* Civil Action No. CV13-6004-JAK, proceeding in the Central District of California (the "California Action"). Based on the conclusions set forth below, Counter-Claimants' motion is granted.

Prior Proceedings

The California Action is an action for declaratory relief, with a related counterclaim for copyright infringement (the "Counterclaim"), concerning two songs performed by Thick, including the 2013 pop phenomenon "Blurred Lines." The Gayes contend that the two songs by Plaintiffs infringe two compositions written by Marvin Gaye in which the Gayes claim an ownership interest, and that "Blurred Lines" "copies" the Marvin Gaye 1977 chart-topping song "Got to Give It Up."

In the summer of 2013, the Gayes heard "Blurred Lines" and believed the song was a copy of "Got to Give It Up." To analyze the songs, they turned to an expert, Ferrara, who is a musicologists that resides in New York. On or about July 18, 2013, Anthony Kyser ("Kyser"), the Director and CEO of All Things Marvin Gaye Limited ("ATMG Ltd."), a company owned by the Gayes and Marvin Gaye III, (Kyser Decl. ¶ 2), and Jan Gaye ("Jan Gaye"), the Gayes' mother, contacted Ferrara to analyze the similarities between the two musical hits from different eras. (Ferrara Decl. ¶¶ 2-3). On or about July 19, 2013, Ferrara provided a preliminary consulting expert report (the "Ferrara Report"). *(Id.* ¶ 4).

The population of the musicology industry is small, and within a week of Ferrara providing the Ferrara Report, Plaintiffs contacted him to obtain his services as their own expert in the California Action. *(Id.* ¶¶ 6-7). Because he had already been retained as an expert for the Gayes, Ferrara informed Plaintiffs that he had a conflict. *(Id.*

On March 3, 2014, Ferrara was served with the Subpoena. The Subpoena seeks Ferrara's files on his analysis performed "on

behalf or at the request of Frankie Christian Gaye, Nona Marvisa Gaye, and/or Marvin Gaye III, or anyone acting on their behalf" regarding "Got to Give It Up" and "Blurred Lines." (Miller Decl. Ex. A). Subsequent to the service of the Subpoena, the parties met in a couple of meet and confer sessions to discuss various matters related to the Subpoena. On April 4, 2014, the Gayes sent a letter to Plaintiff identifying Ferrara as a consulting expert and provided a privilege log; various emails from the Gayes also explained that the Ferrara Report was ordered on behalf of the Counter-Claimants by those aligned with them and not shared with any unrelated third parties. (Busch Decl. ¶ 6; Duvall Decl. ¶ 6).

The Gayes filed the instant motion to quash in Part 1 on March 18, 2014. Oral arguments were held and the matter was marked fully submitted on April 16, 2014.

The Motion To Quash Is Granted

Federal Rules of Civil Procedure 26(b)(4)(D) provides that "a party may not, by interrogatories or deposition, discover facts known or opinions held by an expert who has been retained or specially employed by another party in anticipation of litigation or to prepare for trial and who is not expected to be called as a witness at trial" unless as provided under Rule 35(b) or the party shows "exceptional circumstances." Fed. R. Civ. P. 26(b)(4)(D) (2010). Rule 26(b)(4)(B), recently amended in 2010 (the "2010 Amendments"), designates drafts or other disclosures that may otherwise be required under Rule 26(a)(2) as work product.[1]

Counter-Claimants contend that Rule 26 protects the identities of retained consulting experts as privileged unless they are designated to testify and, thus, the Subpoena must be quashed. The 1970 Advisory Committee's Notes appeared to have adopted this view in what was then Rule 26(b) (4)(B) (and now Rule 26(b)(4) (D)), when it noted that "a party may on a proper showing require the other party to name experts retained or specially employed, but not those informally consulted." *See* 1970 Advisory Committee's Notes on Fed. R. Civ. P. 26. Prior to the 2010 Amendments, other courts outside of this Circuit have held to this reading of Rule 26(b)(4), *see, e.g., Ager v. Jane C. Stormont Hospital and Training School for Nurses,* 622 F.2d 496, 500-01 (10th Cir. 1980) (Rule 26 precludes "discovery of the identity and other collateral information concerning experts consulted informally"); *MacGillivray v. Consolidated Rail Corp.,* Civ. A. No. 91-0774, 1992 WL 57915, at *3 (E.D. Pa. March 17, 1992) ("[I]dentifying information concerning experts informally consulted, but not retained or specially employed, is not discoverable.") (quoting *ARCO Pipeline Co. v. S/S Trade Star,* 81 F.R.D. 416, 417 (E.D. Pa. 1978)), but one case in this District has held that "the identity of nontestifying experts is not exempt from disclosure," *Convolve, Inc. v. Compaq Computer Corp.,* No. 00 Civ.5141 (GBD)(JCF), 2004 WL 1944834, at *1 (S.D.N.Y. Sept. 1, 2004).

The 2010 Amendments is silent as to whether the identity of a non-testifying expert is protected from disclosure under Rule 26(b)(4) or whether the 2010 Amendments changed Rule 26(b)(4) in way that would now preclude the protection of such information. Indeed, the 2010 Advisory Committee's Notes do not explicitly depart from the 1970 Committee's Notes, it only adopts work-product privilege to experts. The 2010 Amendments retained prior Rule 26(b)(4)(B) as Rule 26(b)(4)(D). *See* 2010 Advisory Committee's Notes on Fed. R. Civ. P. 26 ("Former Rules 26(b)(4)(B) and (C) have been renumbered (D) and (E)."); *Higher One, Inc. v. TouchNet Information Systems, Inc.,* No. 13-mc-6020 CJS, 2014 WL 702118, at *6 n.17 (W.D.N.Y. Feb. 24, 2014). Accordingly, the 1970 Committee's Notes' preclusion from discovery of the identity of an informal consulting expert remains after the 2010 Amendments.

Turning to the expert before the Court, Ferrara was initially retained by Kyser and Jan Gaye to consult on a litigation that Counter-Claimants anticipated they would file. This anticipated suit ultimately culminated in the Counter-Claimants' Counterclaim in the California Action. Jan Gaye is the Gayes' mother and was designated by the Gayes to work with Kyser to procure the Ferrara Report. (Janis Gaye Decl. ¶¶ 9-12). Kyser, as previously noted, is the Director and CEO of ATMG Ltd., a company concerned with Martin Gaye's legacy. (Kyser Decl. ¶ 2). Plaintiffs contend Counter-Claimants waived any work-product privilege afforded to the Ferrara Report by having Jan Gaye obtain the report. Notwithstanding the question of whether Jan Gaye is a third party, in attorney work-product analysis of disclosures to third parties, an appropriate analogy given the adoption of attorney work-product protection from Rules 26(b)(3)(A) and (B) in Rule 26(b)(4)(B), work-product protection is not necessarily waived by disclosure to third parties. *In re Pfizer Inc. Sec. Litig.,* No. 90 Civ. 1260(SS), 1993 WL 561125, at *6 (S.D.N.Y. Dec. 23, 1993). "Rather, the courts generally find a waiver of the work product privilege only if the disclosure substantially increases the opportunity for potential adversaries to obtain the information." *Id.* (internal quotation marks omitted). The work product doctrine policy goals of encouraging zealous advocacy, protecting privacy and preventing fishing expeditions is consistent with extending the protection to prevent compelled disclosures from a party sharing common litigation interests. *See Hickman v. Taylor,* 329 *U.S.* 495, 511, 67 S. Ct. 385, 393-94 (U.S. 1947); *Medinol, Ltd. V. Boston Scientific Corp.,* 214

F.R.D. 113, 115 (S.D.N.Y. 2002) ("[I]t is clear that disclosure of work product to a party sharing common litigation interests is not inconsistent with the policies of encouraging zealous advocacy and protecting privacy that underlie the work product doctrine."). In any case, the work-product doctrine applies to work product by a party or its representatives, including the "party's attorney, consultants, surety, indemnitor, insurer, or agent." Fed. R. Civ. P. 26(b)(3)(A); *Abbo-Bradley v. City of Niagara Falls,* 293 F.R.D. 401, 406 (W.D.N.Y. 2013).

Kyser and Jan Gaye were clearly acting for the interest of the Gayes, as they were retained as representatives of the Counter-Claimants. They fall within the classification of a "party" under Rule 26(b)(4).[2] Moreover, even if Jan Gaye were to be classified as a third party, her interests were clearly aligned with the Gayes. Consequently, work-product protection does cover Jan Gaye's and Kyser's retention of and subsequent communication with Ferrara as well as facts known or opinions of Ferrara. Waiver of the work-product privilege afforded under Rule 26(b)(4) did not occur. Plaintiffs are not entitled to discover the identity of Ferrara as a consulting expert.

While the Gayes may not be compelled to disclose its consulting experts' identities to Plaintiffs, Plaintiffs knew of Ferrara's identity and alignment with the Gayes when it served the Subpoena. Rule 26(b) (4) (D) protects disclosure of "facts known or opinions held" by consulting experts. Fed. R. Civ. P. 26(b)(4)(D) (2010). Plaintiffs have not made any claims of "exceptional circumstances" that would allow discovery pursuant to the subsection. Thus, if privilege was properly asserted by the Gayes in this instance, and the burden is on the party asserting the privilege, *see von Bulow v. von Bulow,* 811 F.2d 136, 144 (2d Cir. 1897), the Subpoena must be quashed.

Plaintiffs contend that the Gayes did not properly assert or waived privilege when they failed to provide an adequate privilege log, that the log is temporally and substantively deficient. This is unpersuasive. Under Federal Rules of Civil Procedure 45(d)(2)(B), objection to a subpoena must be served within 14 days after the subpoena was served, but according to the Second Circuit, "[a] full privilege log may follow `within a reasonable time' to the assertion of privilege. *In re DG Acquisition Corp.,* 151 F.3d 75, 81 (2d Cir. 1998) (quoting *Tuite v. Henry,* 98 F.3d 1411, 1416 (D.C. Cir. 1996)). However, this District's Local Rule 26.2(c) provides that:

> Where a claim of privilege is asserted in response to discovery or disclosure other than a deposition, and information is not provided on the basis of such assertion, the information set forth in paragraph (a) above shall be furnished in writing *at the time of the response to such discovery or disclosure, unless otherwise ordered by the court.*

S.D.N.Y. Civ. R. 26.2(c) (emphasis added). Courts have not always enforced Rule 26.2(c) stringently, and "some have limited enforcement to situations in which there was no sufficient justification for the failure to produce a log on time or to seek leave to delay." *In re Chevron Corp.,* 749 *F.* Supp. 2d 170, 181 (S.D.N.Y. 2010) (citing cases). In light of this conflict, the Court "considers itself free to take into account all relevant factors." *Id.* At 182.

Plaintiffs served the Subpoena on March 3, 2014. Counter-Claimants served Plaintiffs with objections to the Subpoena on March 14, 2014, including objections asserting privilege, 11 days after service of the Subpoena and within the time allotted for objections under Rule 45(d)(2)(B). The Counter-Claimants provided the privilege log on April 4, 2014. While waiting months to file a motion to quash without submitting a privilege log does not constitute reasonable time and can be waiver of privilege, *see, e.g., In re Chevron Corp.,* 749 F. Supp. 2d at 182, the Gayes waited only 19 days after the filing of their objections to the Subpoena before submitting a privilege log. Moreover, the Gayes were concerned as to the disclosure of their retention of Ferrara as a consulting expert, a point of law that Counter-Claimants believed insulated them from having to provide a privilege log. *See, e.g., Genesco, Inc. v. Visa U.S.A., Inc.,* NO. 3:13-0202, 2014 WL 935329, at *26 (M.D. Tenn. Mar. 10, 2014) ("Rule 26(b) (4) (D) does not require a privilege log."). Both of these factors cut against waiver. In view of these considerations, and that the delay in providing the log was not egregious, privilege was not waived by the Gayes when it provided the privilege log on April 4, 2014. *See Netjumper Software, L.L.C. v. Google, Inc.,* No. M19-138, 04-70366CV, 2005 WL 3046271, at *3 (S.D.N.Y. 2005) ("[O]nly `flagrant' violations of these rules should result in a waiver of privilege.").

Plaintiffs' objection over the substance of the privilege log also does not compel a finding of waiver. Discovery from Ferrara is not permitted under Rule 26(b)(4)(D). This has been sufficient in the past to deny a finding of waiver even when a privilege log was not produced. *See id.* (refusing to find waiver of expert privilege where privilege log was not produced because Rule 26(b)(4) precluded discovery). The privilege log provided by the Gayes provides four entries and contains information on the document, the date the document was created, a short description and the type of privilege asserted. Plaintiffs contend that the

privilege log is incomplete as it does not list emails received by Ferrara. *(See, e.g.,* Kyser Decl. ¶ 5 (noting an email from Kyser to Ferrara on July 18, 2013 that is not listed in the privilege log)). Yet the relevant factors cuts against a finding of waiver, as a privilege log was produced and Rule 26(b)(4)(D) protects all facts known or opinions by a non-testifying consulting expert. *See* Fed. R. Civ. P. 26(b)(4)(D) (2010). Not requiring a party to prepare an extensive privilege log for such experts would promote efficient litigation and expeditious discovery, while a contrary holding would allow parties to play games during discovery with consulting experts. Given such considerations, the substance of the privilege log was not sufficiently inadequate for a finding of waiver. Accordingly, the Gayes have timely asserted Rule 26(b)(4) protection from the Subpoena and the protection afforded by Rule 26 applies here.

Conclusion

Based on the conclusions set forth above, Counter-Claimants' motion to quash is granted.

It is so ordered.

[1] New Rule 26(b)(4)(5) provides: "Trial-Preparation Protection for Draft Reports or Disclosures. Rules 26(b)(3)(A) and (B) protect drafts of any report or disclosure required under Rule 26(a)(2), regardless of the form in which the draft is recorded." Fed. R. Civ. P. 26(b)(4)(B) (2010).

[2] The Subpoena's own language supports this conclusion, as it requests for Ferrara's documents made "on behalf or at the request of Frankie Christian Gaye, Nona Marvisa Gaye, and/or Marvin Gaye III, or anyone acting on their behalf."

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Relevant Statutes

Select Definitions from 17 U.S.C. § 101

Except as otherwise provided in this title, as used in this title, the following terms and their variant forms mean the following:

"Copies" are 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. The term "copies" includes the material object, other than a phonorecord, in which the work is first fixed.

"Copyright owner", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A work is "created" when it is fixed in a copy or phonorecord for the first time; where a work is prepared over a period of time, the portion of it that has been fixed at any particular time constitutes the work as of that time, and where the work has been prepared in different versions, each version constitutes a separate work.

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship, is a "derivative work".

To "display" a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images non- sequentially.

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. A work consisting of sounds, images, or both, that are being transmitted, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its transmission.

To "perform" a work means to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.

The term "phonorecords" includes the material object in which the sounds are first fixed.

"Publication" is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public

display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

To perform or display a work "publicly" means—

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

"Registration", for purposes of sections 205(c)(2), 405, 406, 410(d), 411, 412, and 506(e), means a registration of a claim in the original or the renewed and extended term of copyright.

For purposes of section 411, a work is a "United States work" only if— (1) in the case of a published work, the work is first published—

(A) in the United States;

(B) simultaneously in the United States and another treaty party or par- ties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;

(C) simultaneously in the United States and a foreign nation that is not a treaty party; or

(D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States;

(2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or

(3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.

§102 – Subject Matter of Copyright - 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.

§103 – Subject Matter of Copyright – Compilations and derivative works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.
(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

§106 – Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;
(2) to prepare derivative works based upon the copyrighted work;
(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

§107 – Limitations on exclusive rights: Fair Use

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

§201 – Ownership of copyright

(a) Initial Ownership.— Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are coowners of copyright in the work.
(b) Works Made for Hire.— In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.
(c) Contributions to Collective Works.— Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.
(d) Transfer of Ownership.—
    (1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.
    (2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.
(e) Involuntary Transfer.— When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11.

§301 – Preemption with respect to other laws

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

    (1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

    (2) any cause of action arising from undertakings commenced before January 1, 1978;

    (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106; or

    (4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102 (a)(8).

(c) With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2067. The preemptive provisions of subsection (a) shall apply to any such rights and remedies pertaining to any cause of action arising from undertakings commenced on and after February 15, 2067. Notwithstanding the provisions of section 303, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title before, on, or after February 15, 2067.

(d) Nothing in this title annuls or limits any rights or remedies under any other Federal statute.

(e) The scope of Federal preemption under this section is not affected by the adherence of the United States to the Berne Convention or the satisfaction of obligations of the United States thereunder.

(f)

    (1) On or after the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, all legal or equitable rights that are equivalent to any of the rights conferred by section 106A with respect to works of visual art to which the rights conferred by section 106A apply are governed exclusively by section 106A andsection 113 (d) and the provisions of this title relating to such sections. Thereafter, no person is entitled to any such right or equivalent right in any work of visual art under the common law or statutes of any State.

    (2) Nothing in paragraph (1) annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

        (A) any cause of action from undertakings commenced before the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990;

        (B) activities violating legal or equitable rights that are not equivalent to any of the rights conferred by section 106A with respect to works of visual art; or

(C) activities violating legal or equitable rights which extend beyond the life of the author.

§302 – Duration of copyright: Works created on or after January 1, 1978

(a) In General.— Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and 70 years after the author's death.

(b) Joint Works.— In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and 70 years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire.— In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) ofsection 408, or in the records provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the author or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors.— Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death.— After a period of 95 years from the year of first publication of a work, or a period of 120 years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than 70 years before, is entitled to the benefits of a presumption that the author has been dead for at least 70 years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

§411 – Registration and civil infringement actions

(a) Except for an action brought for a violation of the rights of the author under section 106A (a), and subject to the provisions of subsection (b), [1] no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue.

(b)

(1) A certificate of registration satisfies the requirements of this section and section 412, regardless of whether the certificate contains any inaccurate information, unless—

(A) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and

(B) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration.

(2) In any case in which inaccurate information described under paragraph (1) is alleged, the court shall request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register of Copyrights to refuse registration.

(3) Nothing in this subsection shall affect any rights, obligations, or requirements of a person related to information contained in a registration certificate, except for the institution of and remedies in infringement actions under this section and section 412.

(c) In the case of a work consisting of sounds, images, or both, the first fixation of which is made simultaneously with its transmission, the copyright owner may, either before or after such fixation takes place, institute an action for infringement under section 501, fully subject to the remedies provided by sections 502 through 505 andsection 510, if, in accordance with requirements that the Register of Copyrights shall prescribe by regulation, the copyright owner—

(1) serves notice upon the infringer, not less than 48 hours before such fixation, identifying the work and the specific time and source of its first transmission, and declaring an intention to secure copyright in the work; and

(2) makes registration for the work, if required by subsection (a), within three months after its first transmission.

§412 – Registration as prerequisite to certain remedies for infringement

In any action under this title, other than an action brought for a violation of the rights of the author under section 106A (a), an action for infringement of the copyright of a work that has been

preregistered under section 408 (f) before the commencement of the infringement and that has an effective date of registration not later than the earlier of 3 months after the first publication of the work or 1 month after the copyright owner has learned of the infringement, or an action instituted under section 411 (c), no award of statutory damages or of attorney's fees, as provided by sections 504 and 505, shall be made for—

(1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or
(2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

§501 – Infringement of Copyright

(a) In General.— Except as otherwise provided by this title, an infringer of copyright is liable for either—
    (1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or
    (2) statutory damages, as provided by subsection (c).
(b) Actual Damages and Profits.— The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.
(c) Statutory Damages.—
    (1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $750 or more than $30,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.
    (2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $150,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than $200. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the

scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in section 118 (f)) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

(3)

(A) In a case of infringement, it shall be a rebuttable presumption that the infringement was committed willfully for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar, domain name registry, or other domain name registration authority in registering, maintaining, or renewing a domain name used in connection with the infringement.

(B) Nothing in this paragraph limits what may be considered willful infringement under this subsection.

(C) For purposes of this paragraph, the term "domain name" has the meaning given that term in section 45 of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes" approved July 5, 1946 (commonly referred to as the "Trademark Act of 1946"; 15 U.S.C. 1127).

(d) Additional Damages in Certain Cases.— In any case in which the court finds that a defendant proprietor of an establishment who claims as a defense that its activities were exempt under section 110 (5) did not have reasonable grounds to believe that its use of a copyrighted work was exempt under such section, the plaintiff shall be entitled to, in addition to any award of damages under this section, an additional award of two times the amount of the license fee that the proprietor of the establishment concerned should have paid the plaintiff for such use during the preceding period of up to 3 years.

§512 – Limitations on liability relating to material online

(a) Transitory Digital Network Communications.— A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider's transmitting, routing, or providing connections for, material through a system or network controlled or operated by or for the service provider, or by reason of the intermediate and transient storage of that material in the course of such transmitting, routing, or providing connections, if—

(1) the transmission of the material was initiated by or at the direction of a person other than the service provider;

(2) the transmission, routing, provision of connections, or storage is carried out through an automatic technical process without selection of the material by the service provider;

(3) the service provider does not select the recipients of the material except as an automatic response to the request of another person;

(4) no copy of the material made by the service provider in the course of such intermediate or transient storage is maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary for the transmission, routing, or provision of connections; and

(5) the material is transmitted through the system or network without modification of its content.

(b) System Caching.—

(1) Limitation on liability.— A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the intermediate and temporary storage of material on a system or network controlled or operated by or for the service provider in a case in which—

(A) the material is made available online by a person other than the service provider;

(B) the material is transmitted from the person described in subparagraph (A) through the system or network to a person other than the person described in subparagraph (A) at the direction of that other person; and

(C) the storage is carried out through an automatic technical process for the purpose of making the material available to users of the system or network who, after the material is transmitted as described in subparagraph (B), request access to the material from the person described in subparagraph (A),

if the conditions set forth in paragraph (2) are met.

(2) Conditions.— The conditions referred to in paragraph (1) are that—

(A) the material described in paragraph (1) is transmitted to the subsequent users described in paragraph (1)(C) without modification to its content from the manner in which the material was transmitted from the person described in paragraph (1)(A);

(B) the service provider described in paragraph (1) complies with rules concerning the refreshing, reloading, or other updating of the material when specified by the person making the material available online in accordance with a generally accepted industry standard data communications protocol for the system or network through which that person makes the material available, except that this subparagraph applies only if those rules are not used by the person described in paragraph (1)(A) to prevent or unreasonably impair the intermediate storage to which this subsection applies;

(C) the service provider does not interfere with the ability of technology associated with the material to return to the person described in paragraph (1)(A) the information that would have been available to that person if the material had

been obtained by the subsequent users described in paragraph (1)(C) directly from that person, except that this subparagraph applies only if that technology—

(i) does not significantly interfere with the performance of the provider's system or network or with the intermediate storage of the material;

(ii) is consistent with generally accepted industry standard communications protocols; and

(iii) does not extract information from the provider's system or network other than the information that would have been available to the person described in paragraph (1)(A) if the subsequent users had gained access to the material directly from that person;

(D) if the person described in paragraph (1)(A) has in effect a condition that a person must meet prior to having access to the material, such as a condition based on payment of a fee or provision of a password or other information, the service provider permits access to the stored material in significant part only to users of its system or network that have met those conditions and only in accordance with those conditions; and

(E) if the person described in paragraph (1)(A) makes that material available online without the authorization of the copyright owner of the material, the service provider responds expeditiously to remove, or disable access to, the material that is claimed to be infringing upon notification of claimed infringement as described in subsection (c)(3), except that this subparagraph applies only if—

(i) the material has previously been removed from the originating site or access to it has been disabled, or a court has ordered that the material be removed from the originating site or that access to the material on the originating site be disabled; and

(ii) the party giving the notification includes in the notification a statement confirming that the material has been removed from the originating site or access to it has been disabled or that a court has ordered that the material be removed from the originating site or that access to the material on the originating site be disabled.

(c) Information Residing on Systems or Networks At Direction of Users.—

(1) In general.— A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider, if the service provider—

(A)

(i) does not have actual knowledge that the material or an activity using the material on the system or network is infringing;

(ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

(iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;

(B) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and

(C) upon notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

(2) Designated agent.— The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its service, including on its website in a location accessible to the public, and by providing to the Copyright Office, substantially the following information:

(A) the name, address, phone number, and electronic mail address of the agent.

(B) other contact information which the Register of Copyrights may deem appropriate.

The Register of Copyrights shall maintain a current directory of agents available to the public for inspection, including through the Internet, and may require payment of a fee by service providers to cover the costs of maintaining the directory.

(3) Elements of notification.—

(A) To be effective under this subsection, a notification of claimed infringement must be a written communication provided to the designated agent of a service provider that includes substantially the following:

(i) A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(ii) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.

(iii) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.

(iv) Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.

(v) A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.

(vi) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(B)

(i) Subject to clause (ii), a notification from a copyright owner or from a person authorized to act on behalf of the copyright owner that fails to comply substantially with the provisions of subparagraph (A) shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.

(ii) In a case in which the notification that is provided to the service provider's designated agent fails to comply substantially with all the provisions of subparagraph (A) but substantially complies with clauses (ii), (iii), and (iv) of subparagraph (A), clause (i) of this subparagraph applies only if the service provider promptly attempts to contact the person making the notification or takes other reasonable steps to assist in the receipt of notification that substantially complies with all the provisions of subparagraph (A).

(d) Information Location Tools.— A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider referring or linking users to an online location containing infringing material or infringing activity, by using information location tools, including a directory, index, reference, pointer, or hypertext link, if the service provider—

(1)

(A) does not have actual knowledge that the material or activity is infringing;

(B) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

(C) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material;

(2) does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and

(3) upon notification of claimed infringement as described in subsection (c)(3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity, except that, for purposes of this paragraph, the information described in subsection (c)(3)(A)(iii) shall be identification of the reference or link, to material or activity claimed to be infringing, that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate that reference or link.

(k) Definitions.—

a. Service provider.—

i. As used in subsection (a), the term "service provider" means an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of

the user's choosing, without modification to the content of the material as sent or received.

ii. As used in this section, other than subsection (a), the term "service provider" means a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in subparagraph (A).

b. Monetary relief.— As used in this section, the term "monetary relief" means damages, costs, attorneys' fees, and any other form of monetary payment.

THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998
U.S. Copyright Office Summary

December 1998

INTRODUCTION

The Digital Millennium Copyright Act (DMCA)[1] was signed into law by President Clinton on October 28, 1998. The legislation implements two 1996 World Intellectual Property Organization (WIPO) treaties: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. The DMCA also addresses a number of other significant copyright-related issues.

The DMCA is divided into five titles:

- Title I, the "**WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998,**" implements the WIPO treaties.
- Title II, the "**Online Copyright Infringement Liability Limitation Act,**" creates limitations on the liability of online service providers for copyright infringement when engaging in certain types of activities.
- Title III, the "**Computer Maintenance Competition Assurance Act,**" creates an exemption for making a copy of a computer program by activating a computer for purposes of maintenance or repair.
- Title IV contains six **miscellaneous provisions**, relating to the functions of the Copyright Office, distance education, the exceptions in the Copyright Act for libraries and for making ephemeral recordings, "webcasting" of sound recordings on the Internet, and the applicability of collective bargaining agreement obligations in the case of transfers of rights in motion pictures.
- Title V, the "**Vessel Hull Design Protection Act,**" creates a new form of protection for the design of vessel hulls.

This memorandum summarizes briefly each title of the DMCA. It provides merely an overview of the law's provisions; for purposes of length and readability a significant amount of detail has been omitted. **A complete understanding of any provision of the DMCA requires reference to the text of the legislation itself.**

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[1]Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998).

TITLE I: WIPO TREATY IMPLEMENTATION

Title I implements the WIPO treaties. First, it makes certain technical amendments to U.S. law, in order to provide appropriate references and links to the treaties. Second, it creates two new prohibitions in Title 17 of the U.S. Code—one on circumvention of technological measures used by copyright owners to protect their works and one on tampering with copyright management information—and adds civil remedies and criminal penalties for violating the prohibitions. In addition, Title I requires the U.S. Copyright Office to perform two joint studies with the National Telecommunications and Information Administration of the Department of Commerce (NTIA).

Technical Amendments

National Eligibility

The WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) each require member countries to provide protection to certain works from other member countries or created by nationals of other member countries. That protection must be no less favorable than that accorded to domestic works.

Section 104 of the Copyright Act establishes the conditions of eligibility for protection under U.S. law for works from other countries. Section 102(b) of the DMCA amends section 104 of the Copyright Act and adds new definitions to section 101 of the Copyright Act in order to extend the protection of U.S. law to those works required to be protected under the WCT and the WPPT.

Restoration of Copyright Protection

Both treaties require parties to protect preexisting works from other member countries that have not fallen into the public domain in the country of origin through the expiry of the term of protection. A similar obligation is contained in both the Berne Convention and the TRIPS Agreement. In 1995 this obligation was implemented in the Uruguay Round Agreements Act, creating a new section 104A in the Copyright Act to restore protection to works from Berne or WTO member countries that are still protected in the country of origin, but fell into the public domain in the United States in the past because of a failure to comply with formalities that then existed in U.S. law, or due to a lack of treaty relations. Section 102(c) of the DMCA amends section 104A to restore copyright protection in the same circumstances to works from WCT and WPPT member countries.

Registration as a Prerequisite to Suit

The remaining technical amendment relates to the prohibition in both treaties against conditioning the exercise or enjoyment of rights on the fulfillment of formalities. Section 411(a) of the Copyright Act requires claims to copyright to be registered with the Copyright Office before a lawsuit can be initiated by the copyright owner, but exempts many foreign works in order to comply with existing treaty obligations under the Berne Convention. Section 102(d) of the DMCA amends section 411(a) by broadening the exemption to cover all foreign works.

Technological Protection and Copyright Management Systems

Each of the WIPO treaties contains virtually identical language obligating member states to prevent circumvention of technological measures used to protect copyrighted works, and to prevent tampering with the integrity of copyright management information. These obligations serve as technological adjuncts to the exclusive rights granted by copyright law. They provide legal protection that the international copyright community deemed critical to the safe and efficient exploitation of works on digital networks.

Circumvention of Technological Protection Measures

General approach

Article 11 of the WCT states:

> Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.

Article 18 of the WPPT contains nearly identical language.

Section 103 of the DMCA adds a new chapter 12 to Title 17 of the U.S. Code. New section 1201 implements the obligation to provide adequate and effective protection against circumvention of technological measures used by copyright owners to protect their works.

Section 1201 divides technological measures into two categories: measures that prevent unauthorized *access* to a copyrighted work and measures that prevent

unauthorized *copying*[2] of a copyrighted work. Making or selling devices or services that are used to circumvent either category of technological measure is prohibited in certain circumstances, described below. As to the act of circumvention in itself, the provision prohibits circumventing the first category of technological measures, but not the second.

This distinction was employed to assure that the public will have the continued ability to make fair use of copyrighted works. Since copying of a work may be a fair use under appropriate circumstances, section 1201 does not prohibit the act of circumventing a technological measure that prevents copying. By contrast, since the fair use doctrine is not a defense to the act of gaining unauthorized access to a work, the act of circumventing a technological measure in order to gain access is prohibited.

Section 1201 proscribes devices or services that fall within any one of the following three categories:

- they are primarily designed or produced to circumvent;
- they have only limited commercially significant purpose or use other than to circumvent; or
- they are marketed for use in circumventing.

No mandate

Section 1201 contains language clarifying that the prohibition on circumvention devices does not require manufacturers of consumer electronics, telecommunications or computing equipment to design their products affirmatively to respond to any particular technological measure. (Section 1201(c)(3)). Despite this general 'no mandate' rule, section 1201(k) does mandate an affirmative response for one particular type of technology: within 18 months of enactment, all analog videocassette recorders must be designed to conform to certain defined technologies, commonly known as Macrovision, currently in use for preventing unauthorized copying of analog videocassettes and certain analog signals. The provision prohibits rightholders from applying these specified technologies to free television and basic and extended basic tier cable broadcasts.

[2]"Copying" is used in this context as a short-hand for the exercise of any of the exclusive rights of an author under section 106 of the Copyright Act. Consequently, a technological measure that prevents unauthorized distribution or public performance of a work would fall in this second category.

Savings clauses

Section 1201 contains two general savings clauses. First, section 1201(c)(1) states that nothing in section 1201 affects rights, remedies, limitations or defenses to copyright infringement, including fair use. Second, section 1201(c)(2) states that nothing in section 1201 enlarges or diminishes vicarious or contributory copyright infringement.

Exceptions

Finally, the prohibitions contained in section 1201 are subject to a number of exceptions. One is an exception to the operation of the entire section, for law enforcement, intelligence and other governmental activities. (Section 1201(e)). The others relate to section 1201(a), the provision dealing with the category of technological measures that control access to works.

The broadest of these exceptions, section 1201(a)(1)(B)-(E), establishes an ongoing administrative rule-making proceeding to evaluate the impact of the prohibition against the act of circumventing such access-control measures. This conduct prohibition does not take effect for two years. Once it does, it is subject to an exception for users of a work which is in a particular class of works if they are or are likely to be adversely affected by virtue of the prohibition in making noninfringing uses. The applicability of the exemption is determined through a periodic rulemaking by the Librarian of Congress, on the recommendation of the Register of Copyrights, who is to consult with the Assistant Secretary of Commerce for Communications and Information.

The six additional exceptions are as follows:

1. ***Nonprofit library, archive and educational institution exception*** (section 1201(d)). The prohibition on the act of circumvention of access control measures is subject to an exception that permits nonprofit libraries, archives and educational institutions to circumvent solely for the purpose of making a good faith determination as to whether they wish to obtain authorized access to the work.
2. ***Reverse engineering*** (section 1201(f)). This exception permits circumvention, and the development of technological means for such circumvention, by a person who has lawfully obtained a right to use a copy of a computer program for the sole purpose of identifying and analyzing elements of the program necessary to achieve interoperability with other programs, to the extent that such acts are permitted under copyright law.
3. ***Encryption research*** (section 1201(g)). An exception for encryption research permits circumvention of access control measures, and the

development of the technological means to do so, in order to identify flaws and vulnerabilities of encryption technologies.

4. ***Protection of minors*** (section 1201(h)). This exception allows a court applying the prohibition to a component or part to consider the necessity for its incorporation in technology that prevents access of minors to material on the Internet.
5. ***Personal privacy*** (section 1201(i)). This exception permits circumvention when the technological measure, or the work it protects, is capable of collecting or disseminating personally identifying information about the online activities of a natural person.
6. ***Security testing*** (section 1201(j)). This exception permits circumvention of access control measures, and the development of technological means for such circumvention, for the purpose of testing the security of a computer, computer system or computer network, with the authorization of its owner or operator.

Each of the exceptions has its own set of conditions on its applicability, which are beyond the scope of this summary.

Integrity of Copyright Management Information

Article 12 of the WCT provides in relevant part:

> Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts knowing, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty or the Berne Convention:
>
> (i) to remove or alter any electronic rights management information without authority;
>
> (ii) to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.

Article 19 of the WPPT contains nearly identical language.

New section 1202 is the provision implementing this obligation to protect the integrity of copyright management information (CMI). The scope of the protection

is set out in two separate paragraphs, the first dealing with false CMI and the second with removal or alteration of CMI. Subsection (a) prohibits the knowing provision or distribution of false CMI, if done with the intent to induce, enable, facilitate or conceal infringement. Subsection (b) bars the intentional removal or alteration of CMI without authority, as well as the dissemination of CMI or copies of works, knowing that the CMI has been removed or altered without authority. Liability under subsection (b) requires that the act be done with knowledge or, with respect to civil remedies, with reasonable grounds to know that it will induce, enable, facilitate or conceal an infringement.

Subsection (c) defines CMI as identifying information about the work, the author, the copyright owner, and in certain cases, the performer, writer or director of the work, as well as the terms and conditions for use of the work, and such other information as the Register of Copyrights may prescribe by regulation. Information concerning users of works is explicitly excluded.

Section 1202 is subject to a general exemption for law enforcement, intelligence and other governmental activities. (Section 1202(d)). It also contains limitations on the liability of broadcast stations and cable systems for removal or alteration of CMI in certain circumstances where there is no intent to induce, enable, facilitate or conceal an infringement. (Section 1202(e)).

Remedies

Any person injured by a violation of section 1201 or 1202 may bring a civil action in Federal court. Section 1203 gives courts the power to grant a range of equitable and monetary remedies similar to those available under the Copyright Act, including statutory damages. The court has discretion to reduce or remit damages in cases of innocent violations, where the violator proves that it was not aware and had no reason to believe its acts constituted a violation. (Section 1203(c)(5)(A)). Special protection is given to nonprofit libraries, archives and educational institutions, which are entitled to a complete remission of damages in these circumstances. (Section 1203(c)(5)(B)).

In addition, it is a criminal offense to violate section 1201 or 1202 wilfully and for purposes of commercial advantage or private financial gain. Under section 1204 penalties range up to a $500,000 fine or up to five years imprisonment for a first offense, and up to a $1,000,000 fine or up to 10 years imprisonment for subsequent offenses. Nonprofit libraries, archives and educational institutions are entirely exempted from criminal liability. (Section 1204(b)).

Copyright Office and NTIA Studies Relating to Technological Development

Title I of the DMCA requires the Copyright Office to conduct two studies jointly with NTIA, one dealing with encryption and the other with the effect of technological developments on two existing exceptions in the Copyright Act. New section 1201(g)(5) of Title 17 of the U.S. Code requires the Register of Copyrights and the Assistant Secretary of Commerce for Communications and Information to report to the Congress no later than one year from enactment on the effect that the exemption for encryption research (new section 1201(g)) has had on encryption research, the development of encryption technology, the adequacy and effectiveness of technological measures designed to protect copyrighted works, and the protection of copyright owners against unauthorized access to their encrypted copyrighted works.

Section 104 of the DMCA requires the Register of Copyrights and the Assistant Secretary of Commerce for Communications and Information to jointly evaluate (1) the effects of Title I of the DMCA and the development of electronic commerce and associated technology on the operation of sections 109 (first sale doctrine) and 117 (exemption allowing owners of copies of computer programs to reproduce and adapt them for use on a computer), and (2) the relationship between existing and emergent technology and the operation of those sections. This study is due 24 months after the date of enactment of the DMCA.

TITLE II: ONLINE COPYRIGHT INFRINGEMENT LIABILITY LIMITATION

Title II of the DMCA adds a new section 512 to the Copyright Act[3] to create four new limitations on liability for copyright infringement by online service providers. The limitations are based on the following four categories of conduct by a service provider:

1. Transitory communications;
2. System caching;
3. Storage of information on systems or networks at direction of users; and
4. Information location tools.

New section 512 also includes special rules concerning the application of these limitations to nonprofit educational institutions.

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[3]The Fairness in Musical Licensing Act, Title II of Pub. L. No. 105-298, 112 Stat. 2827, 2830-34 (Oct. 27, 1998) also adds a new section 512 to the Copyright Act. This duplication of section numbers will need to be corrected in a technical amendments bill.

Each limitation entails a complete bar on monetary damages, and restricts the availability of injunctive relief in various respects. (Section 512(j)). Each limitation relates to a separate and distinct function, and a determination of whether a service provider qualifies for one of the limitations does not bear upon a determination of whether the provider qualifies for any of the other three. (Section 512(n)).

The failure of a service provider to qualify for any of the limitations in section 512 does not necessarily make it liable for copyright infringement. The copyright owner must still demonstrate that the provider has infringed, and the provider may still avail itself of any of the defenses, such as fair use, that are available to copyright defendants generally. (Section 512(l)).

In addition to limiting the liability of service providers, Title II establishes a procedure by which a copyright owner can obtain a subpoena from a federal court ordering a service provider to disclose the identity of a subscriber who is allegedly engaging in infringing activities. (Section 512(h)).

Section 512 also contains a provision to ensure that service providers are not placed in the position of choosing between limitations on liability on the one hand and preserving the privacy of their subscribers, on the other. Subsection (m) explicitly states that nothing in section 512 requires a service provider to monitor its service or access material in violation of law (such as the Electronic Communications Privacy Act) in order to be eligible for any of the liability limitations.

Eligibility for Limitations Generally

A party seeking the benefit of the limitations on liability in Title II must qualify as a "service provider." For purposes of the first limitation, relating to transitory communications, "service provider" is defined in section 512(k)(1)(A) as "an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received." For purposes of the other three limitations, "service provider" is more broadly defined in section 512(k)(l)(B) as "a provider of online services or network access, or the operator of facilities therefor."

In addition, to be eligible for any of the limitations, a service provider must meet two overall conditions: (1) it must adopt and reasonably implement a policy of terminating in appropriate circumstances the accounts of subscribers who are repeat infringers; and (2) it must accommodate and not interfere with "standard technical measures." (Section 512(i)). "Standard technical measures" are defined as measures that copyright owners use to identify or protect copyrighted works, that have been developed pursuant to a broad consensus of copyright owners and service providers in an open, fair and voluntary multi-industry process, are available to anyone on

reasonable nondiscriminatory terms, and do not impose substantial costs or burdens on service providers.

Limitation for Transitory Communications

In general terms, section 512(a) limits the liability of service providers in circumstances where the provider merely acts as a data conduit, transmitting digital information from one point on a network to another at someone else's request. This limitation covers acts of transmission, routing, or providing connections for the information, as well as the intermediate and transient copies that are made automatically in the operation of a network.

In order to qualify for this limitation, the service provider's activities must meet the following conditions:

- The transmission must be initiated by a person other than the provider.
- The transmission, routing, provision of connections, or copying must be carried out by an automatic technical process without selection of material by the service provider.
- The service provider must not determine the recipients of the material.
- Any intermediate copies must not ordinarily be accessible to anyone other than anticipated recipients, and must not be retained for longer than reasonably necessary.
- The material must be transmitted with no modification to its content.

Limitation for System Caching

Section 512(b) limits the liability of service providers for the practice of retaining copies, for a limited time, of material that has been made available online by a person other than the provider, and then transmitted to a subscriber at his or her direction. The service provider retains the material so that subsequent requests for the same material can be fulfilled by transmitting the retained copy, rather than retrieving the material from the original source on the network.

The benefit of this practice is that it reduces the service provider's bandwidth requirements and reduces the waiting time on subsequent requests for the same information. On the other hand, it can result in the delivery of outdated information to subscribers and can deprive website operators of accurate "hit" information — information about the number of requests for particular material on a website — from which advertising revenue is frequently calculated. For this reason, the person making the material available online may establish rules about updating it, and may utilize technological means to track the number of "hits."

The limitation applies to acts of intermediate and temporary storage, when carried out through an automatic technical process for the purpose of making the material available to subscribers who subsequently request it. It is subject to the following conditions:

- The content of the retained material must not be modified.
- The provider must comply with rules about "refreshing" material—replacing retained copies of material with material from the original location— when specified in accordance with a generally accepted industry standard data communication protocol.
- The provider must not interfere with technology that returns "hit" information to the person who posted the material, where such technology meets certain requirements.
- The provider must limit users' access to the material in accordance with conditions on access (e.g., password protection) imposed by the person who posted the material.
- Any material that was posted without the copyright owner's authorization must be removed or blocked promptly once the service provider has been notified that it has been removed, blocked, or ordered to be removed or blocked, at the originating site.

Limitation for Information Residing on Systems or Networks at the Direction of Users

Section 512(c) limits the liability of service providers for infringing material on websites (or other information repositories) hosted on their systems. It applies to storage at the direction of a user. In order to be eligible for the limitation, the following conditions must be met:

- The provider must not have the requisite level of knowledge of the infringing activity, as described below.
- If the provider has the right and ability to control the infringing activity, it must not receive a financial benefit directly attributable to the infringing activity.
- Upon receiving proper notification of claimed infringement, the provider must expeditiously take down or block access to the material.

In addition, a service provider must have filed with the Copyright Office a designation of an agent to receive notifications of claimed infringement. The Office provides a suggested form for the purpose of designating an agent (http://www.loc.gov/copyright/onlinesp/) and maintains a list of agents on the Copyright Office website (http://www.loc.gov/copyright/onlinesp/list/).

Under the knowledge standard, a service provider is eligible for the limitation on liability only if it does not have actual knowledge of the infringement, is not aware of facts or circumstances from which infringing activity is apparent, or upon gaining such knowledge or awareness, responds expeditiously to take the material down or block access to it.

The statute also establishes procedures for proper notification, and rules as to its effect. (Section 512(c)(3)). Under the notice and takedown procedure, a copyright owner submits a notification under penalty of perjury, including a list of specified elements, to the service provider's designated agent. Failure to comply substantially with the statutory requirements means that the notification will not be considered in determining the requisite level of knowledge by the service provider. If, upon receiving a proper notification, the service provider promptly removes or blocks access to the material identified in the notification, the provider is exempt from monetary liability. In addition, the provider is protected from any liability to any person for claims based on its having taken down the material. (Section 512(g)(1)).

In order to protect against the possibility of erroneous or fraudulent notifications, certain safeguards are built into section 512. Subsection (g)(1) gives the subscriber the opportunity to respond to the notice and takedown by filing a counter notification. In order to qualify for the protection against liability for taking down material, the service provider must promptly notify the subscriber that it has removed or disabled access to the material. If the subscriber serves a counter notification complying with statutory requirements, including a statement under penalty of perjury that the material was removed or disabled through mistake or misidentification, then unless the copyright owner files an action seeking a court order against the subscriber, the service provider must put the material back up within 10-14 business days after receiving the counter notification.

Penalties are provided for knowing material misrepresentations in either a notice or a counter notice. Any person who knowingly materially misrepresents that material is infringing, or that it was removed or blocked through mistake or misidentification, is liable for any resulting damages (including costs and attorneys' fees) incurred by the alleged infringer, the copyright owner or its licensee, or the service provider. (Section 512(f)).

Limitation for Information Location Tools

Section 512(d) relates to hyperlinks, online directories, search engines and the like. It limits liability for the acts of referring or linking users to a site that contains infringing material by using such information location tools, if the following conditions are met:

- The provider must not have the requisite level of knowledge that the material is infringing. The knowledge standard is the same as under the limitation for information residing on systems or networks.
- If the provider has the right and ability to control the infringing activity, the provider must not receive a financial benefit directly attributable to the activity.
- Upon receiving a notification of claimed infringement, the provider must expeditiously take down or block access to the material.

These are essentially the same conditions that apply under the previous limitation, with some differences in the notification requirements. The provisions establishing safeguards against the possibility of erroneous or fraudulent notifications, as discussed above, as well as those protecting the provider against claims based on having taken down the material apply to this limitation. (Sections 512(f)-(g)).

Special Rules Regarding Liability of Nonprofit Educational Institutions

Section 512(e) determines when the actions or knowledge of a faculty member or graduate student employee who is performing a teaching or research function may affect the eligibility of a nonprofit educational institution for one of the four limitations on liability. As to the limitations for transitory communications or system caching, the faculty member or student shall be considered a "person other than the provider," so as to avoid disqualifying the institution from eligibility. As to the other limitations, the knowledge or awareness of the faculty member or student will not be attributed to the institution. The following conditions must be met:

- the faculty member or graduate student's infringing activities do not involve providing online access to course materials that were required or recommended during the past three years;
- the institution has not received more than two notifications over the past three years that the faculty member or graduate student was infringing; and
- the institution provides all of its users with informational materials describing and promoting compliance with copyright law.

TITLE III: COMPUTER MAINTENANCE OR REPAIR

Title III expands the existing exemption relating to computer programs in section 117 of the Copyright Act, which allows the owner of a copy of a program to make reproductions or adaptations when necessary to use the program in conjunction with a computer. The amendment permits the owner or lessee of a computer to make or authorize the making of a copy of a computer program in the course of maintaining or repairing that computer. The exemption only permits a copy that is made automatically when a computer is activated, and only if the computer already lawfully

contains an authorized copy of the program. The new copy cannot be used in any other manner and must be destroyed immediately after the maintenance or repair is completed.

TITLE IV: MISCELLANEOUS PROVISIONS

Clarification of the Authority of the Copyright Office

Section 401(b), adds language to section 701 of the Copyright Act confirming the Copyright Office's authority to continue to perform the policy and international functions that it has carried out for decades under its existing general authority.

Ephemeral Recordings for Broadcasters

Section 112 of the Copyright Act grants an exemption for the making of "ephemeral recordings." These are recordings made in order to facilitate a transmission. Under this exemption, for example, a radio station can record a set of songs and broadcast from the new recording rather than from the original CDs (which would have to be changed "on the fly" during the course of a broadcast).

As it existed prior to enactment of the DMCA, section 112 permitted a transmitting organization to make and retain for up to six months (hence the term "ephemeral") no more than one copy of a work if it was entitled to transmit a public performance or display of the work, either under a license or by virtue of the fact that there is no general public performance right in sound recordings (as distinguished from musical works).

The Digital Performance Right in Sound Recordings Act of 1995 (DPRA) created, for the first time in U.S. copyright law, a limited public performance right in sound recordings. The right only covers public performances by means of digital transmission and is subject to an exemption for digital broadcasts (i.e., transmissions by FCC licensed terrestrial broadcast stations) and a statutory license for certain subscription transmissions that are not made on demand (i.e. in response to the specific request of a recipient).

Section 402 of the DMCA expands the section 112 exemption to include recordings that are made to facilitate the digital transmission of a sound recording where the transmission is made under the DPRA's exemption for digital broadcasts or statutory license. As amended, section 112 also permits in some circumstances the circumvention of access control technologies in order to enable an organization to make an ephemeral recording.

Distance Education Study

In the course of consideration of the DMCA, legislators expressed an interest in amending the Copyright Act to promote distance education, possibly through an expansion of the existing exception for instructional broadcasting in section 110(2). Section 403 of the DMCA directs the Copyright Office to consult with affected parties and make recommendations to Congress on how to promote distance education through digital technologies. The Office must report to Congress within six months of enactment.

The Copyright Office is directed to consider the following issues:

- The need for a new exemption;
- Categories of works to be included in any exemption;
- Appropriate quantitative limitations on the portions of works that may be used under any exemption;
- Which parties should be eligible for any exemption;
- Which parties should be eligible recipients of distance education material under any exemption;
- The extent to which use of technological protection measures should be mandated as a condition of eligibility for any exemption;
- The extent to which the availability of licenses should be considered in assessing eligibility for any exemption; and
- Other issues as appropriate.

Exemption for Nonprofit Libraries and Archives

Section 404 of the DMCA amends the exemption for nonprofit libraries and archives in section 108 of the Copyright Act to accommodate digital technologies and evolving preservation practices. Prior to enactment of the DMCA, section 108 permitted such libraries and archives to make a single facsimile (i.e., not digital) copy of a work for purposes of preservation or interlibrary loan. As amended, section 108 permits up to three copies, which may be digital, provided that digital copies are not made available to the public outside the library premises. In addition, the amended section permits such a library or archive to copy a work into a new format if the original format becomes obsolete—that is, the machine or device used to render the work perceptible is no longer manufactured or is no longer reasonably available in the commercial marketplace.

Webcasting Amendments to the Digital Performance Right in Sound Recordings

As discussed above, in 1995 Congress enacted the DPRA, creating a performance right in sound recordings that is limited to digital transmissions. Under

that legislation, three categories of digital transmissions were addressed: broadcast transmissions, which were exempted from the performance right; subscription transmissions, which were generally subject to a statutory license; and on-demand transmissions, which were subject to the full exclusive right. Broadcast transmissions under the DPRA are transmissions made by FCC-licensed terrestrial broadcast stations.

In the past several years, a number of entities have begun making digital transmissions of sound recordings over the Internet using streaming audio technologies. This activity does not fall squarely within any of the three categories that were addressed in the DPRA. Section 405 of the DMCA amends the DPRA, expanding the statutory license for subscription transmissions to include webcasting as a new category of "eligible nonsubscription transmissions."

In addition to expanding the scope of the statutory license, the DMCA revises the criteria that any entity must meet in order to be eligible for the license (other than those who are subject to a grandfather clause, leaving the existing criteria intact). It revises the considerations for setting rates as well (again, subject to a grandfather clause), directing arbitration panels convened under the law to set the royalty rates at fair market value.

This provision of the DMCA also creates a new statutory license for making ephemeral recordings. As indicated above, section 402 of the DMCA amends section 112 of the Copyright Act to permit the making of a single ephemeral recording to facilitate the digital transmission of sound recording that is permitted either under the DPRA's broadcasting exemption or statutory license. Transmitting organizations that wish to make more than the single ephemeral recording of a sound recording that is permitted under the outright exemption in section 112 are now eligible for a statutory license to make such additional ephemeral recordings. In addition, the new statutory license applies to the making of ephemeral recordings by transmitting organizations other than broadcasters who are exempt from the digital performance right, who are not covered by the expanded exemption in section 402 of the DMCA.

Assumption of Contractual Obligations upon Transfers of Rights in Motion Pictures

Section 416 addresses concerns about the ability of writers, directors and screen actors to obtain residual payments for the exploitation of motion pictures in situations where the producer is no longer able to make these payments. The guilds' collective bargaining agreements currently require producers to obtain assumption agreements from distributors in certain circumstances, by which the distributor assumes the producer's obligation to make such residual payments. Some production companies apparently do not always do so, leaving the guilds without contractual privity enabling them to seek recourse from the distributor.

The DMCA adds a new chapter to Title 28 of the U.S. Code that imposes on transferees those obligations to make residual payments that the producer would be required to have the transferee assume under the relevant collective bargaining agreement. The obligations attach only if the distributor knew or had reason to know that the motion picture was produced subject to a collective bargaining agreement, or in the event of a court order confirming an arbitration award under the collective bargaining agreement that the producer cannot satisfy within ninety days. There are two classes of transfers that are excluded from the scope of this provision. The first is transfers limited to public performance rights, and the second is grants of security interests, along with any subsequent transfers from the security interest holder.

The provision also directs the Comptroller General, in consultation with the Register of Copyrights, to conduct a study on the conditions in the motion picture industry that gave rise to this provision, and the impact of the provision on the industry. The study is due two years from enactment.

TITLE V: PROTECTION OF CERTAIN ORIGINAL DESIGNS

Title V of the DMCA, entitled the Vessel Hull Design Protection Act (VHDPA), adds a new chapter 13 to Title 17 of the U.S. Code. It creates a new system for protecting original designs of certain useful articles that make the article attractive or distinctive in appearance. For purposes of the VHDPA, "useful articles" are limited to the hulls (including the decks) of vessels no longer than 200 feet.

A design is protected under the VHDPA as soon as a useful article embodying the design is made public or a registration for the design is published. Protection is lost if an application for registration is not made within two years after a design is first made public, but a design is not registrable if it has been made public more than one year before the date of the application for registration. Once registered, protection continues for ten years from the date protection begins.

The VHDPA is subject to a legislative sunset: the Act expires two years from enactment (October 28, 2000). The Copyright Office is directed to conduct two joint studies with the Patent and Trademark Office—the first by October 28, 1999 and the second by October 28, 2000—evaluating the impact of the VHDPA.

EFFECTIVE DATES

Most provisions of the DMCA are effective on the date of enactment. There are, however, several exceptions. The technical amendments in Title I that relate to eligibility of works for protection under U.S. copyright law by virtue of the new WIPO treaties do not take effect until the relevant treaty comes into force. Similarly, restoration of copyright protection for such works does not become effective until the relevant treaty comes into force. The prohibition on the act of circumvention of access

control measures does not take effect until two years from enactment (October 28, 2000).

○

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Sara served as the Chair of the Intellectual Property Committee at the Nassau County Bar Association and will teach Trademark Prosecution at St. John's University in the Spring 2016 semester. She is a member of the American Bar Association, the New York State Bar Association, the Nassau County Bar Association, the Suffolk County Bar Association, the National Association of Professional Women, and the International Intellectual Property Society. Her past experience includes an internship with the Hon. Judge Randy Sue Marber of the Nassau County Supreme Court, where she dealt with a variety of civil litigation matters. She also worked at a boutique Entertainment Law Firm in New York, where she specialized in Intellectual Property research.

Patents

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Patents

- The most important part of a patent is what it claims—patent claims define the metes and bounds of the invention;
- Patents can generate royalties if licensed;
- Patents prevent others from making, selling or using an invention;
- Patents do not give the patentee a right to practice his/her patented invention:
  - For example, if inventor Mr. Smith gets patent claims for an apparatus comprising 5 elements, a, b, c, d and e , and Mr. Jones already has a patent claiming a, b, c and d, Mr. Smith cannot practice his patent w/o a license from Mr. Jones;

Types of Patents

- Provisional Patent Applications
- Non-Provisional Patent Applications
- Design Patent Applications
- Plant Patent Applications
- International Patent Applications (PCT)

Provisional Patent Applications

- Since June 8, 1995, applicants have an option to file a provisional application in lieu of a non-provisional utility application;
- Provisional patent application is a type of US patent application that expires after 12 months;
- Filing fees: $260 (large Entity); $130 (small entity); $65 (microentity)
- Non-provisional applicants rely on the provisional application filing date for priority under 35 USC 119(e)
- As of March 16, 2013, a later filer can no longer establish that he/she had an earlier "actual" filing date—the filing date is really the "constructive" date of invention (AIA switched US rights from first to invent to first to file)

Provisional (35 USC §119(e))

- Corresponding non-provisional application benefits in that
  - Patentability of later-filed non-provisional application is evaluated as same were filed on the earlier provisional filing date;
  - Resulting publication or patent issuing is treated as a reference under 35 USC §102(e) as of the provisional application filing date (which affects patentability of other patents);
  - But twenty year term is measured from the non-provisional application filing date, not that of the provisional (☺);

Provisional (35 USC §119(e))

DOWNSIDE:

While provisional applications provide the applicant with a one-year grace period to file a full non-provisional application, the one-year grace period consumes the one-year grace period all applicants are accorded to file their non-provisional application internationally; Put another way, if the applicant intends to ever file overseas, they must file one the 1-year date of lose foreign rights (a few small exceptions);

Provisional (35 USC §112)

- Specification and any drawings must adequately support the subject matter claimed in later filed non-provisional application to rely on earlier 35 USC §119(e) filing date;
- The later filed non-provisional application need not be identical to the provisional application, but entitled to the benefit of common subject matter only if filed not later than 12 months from the provisional filing date;
- The specification must disclose the manner of making and using the invention in such full, clear, concise and exact terms as to enable any person skilled in the art to which the invention pertains to make and use the invention (w/o undue experimentation);

Non-Provisional (Utility) Application

- A non-provisional utility patent application must be filed in English (or with a translation) and a fee under 37 CFR 1.17(i);
- MUST include a Specification (under 35 USC §112), including a claim or claims, drawings, where necessary, an oath or declaration and the prescribed filing, search and examination fees;
- Must be patentable subject matter under 35 USC §101;
- Must meet conditions for patentability under 35 USC §102;
- Electronic filing fees: $1460 (large entity)
  $730 (small entity)
  $365 (microentity)

Specification (MPEP 608.01(a))

- The Specification is a written description of the invention and of the manner of making and using same; for example, in Word 8 ½ by 11 format, 12-point font;
- MUST be in full, clear, concise and exact terms to enable one skilled in the art or science to which the invention pertains to make and use same;
- The Specification should include section headings
  - Title of the Invention
  - Cross-Reference to Related Applications, for example, reference to a provisional application upon which priority is claimed under 35 USC §119(e);

Specification

- Section Headings (continued)
  - Background of the Invention-Description of prior art including any shortcomings (MPEP 608.01(c))
  - Summary of the Invention- Functional description of the Invention including advantages and a restatement of independent claims (MPEP 608.01(d))
  - Brief Description of the Drawing Figures (MPEP 608.01(f); MPEP 608.02; 35 USC §113; 37 CFR 1.81)
  - Detailed Description of the Invention (MPEP 608.01(g))
  - Claims (608.01(i))
  - Abstract of the Disclosure (MPEP 608.10(b))

Conditions For patentability under 35 USC §102

- a) Novelty; Prior Art.— A person shall be entitled to a patent unless—
  - ((1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or
  - (2) the claimed invention was described in a patent issued under section 151, or …
- (b) Exceptions.—
  - (1) Disclosures made 1 year or less before the effective filing date of the claimed invention.— A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—
    - (A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
    - (B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

Conditions For patentability under 35 USC §102

- (2) Disclosures appearing in applications and patents.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

  A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

  (B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

  (C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.
- (c) Common Ownership Under Joint Research Agreements
- (d) Patents and Published Applications Effective as Prior Art

Patent Claims

- In establishing a disclosure, an applicant may rely not only on the description and drawing as filed but also on the original claims where content justifies;
- Claims must commence on a separate sheet after the detailed description;
- Each claim begins with a capital and ends with a period (.);
- Different elements should be separated with line indentations;
- Form of claim required in 37 CFR 1,75(e) is adapted for description of improvement type inventions;

Design Patent Applications

- A design consists of the visual ornamental characteristics embodied in or applied to an article of manufacture (as distinguished from a copyright);
- Because a design is about appearance, the subject matter of a design patent application may relate to the configuration or shape of an article, or the combination of configuration and surface orientation; NO FUNTIONAL CHARACTERISTICS;
- Requires a view to all sides of the 3D object (6 surfaces);
- MPEP 1500;
- The term is 14 years from the date of grant (35 USC §173);
- Basic Filing Fee $760 (Large Entity); $380 (small entity); $190 (Microentity);

Plant Patent Applications

- A Plant Patent is granted to an applicant or his/her heirs and assigns who has invented or discovered and asexually reproduced a distinct and new variety of plant (other than a tuber);
- 20 years from the date of filing;
- 35 USC §161;
- MPEP 1600;
- Basic Filing Fee $1140 (large entity);
  $570 (small entity);
  $285 (micro entity);

International Patent Applications (PCT)

- The Patent Cooperation Treaty enables a US applicant to file one international application in standardized format (English);
- The PCT application is filed in the US Receiving Office (USPTO)—must be filed before 1 year from the date of the first US filing (whether provisional of non-provisional);
- The PCT application is recognized as a regular national stage application in Contracting States designated by applicant;
- Up-to-date list of PCT member countries found at www.wipo.int/pct/en/index.html;
- MPEP §1800;
- Basic Filing Fee (approximately): $3636 (large entity); $2656 (Small entity); $2190 (Microentity)

Patent Infringement

To find patent infringement, each and every element of at least one claim, either literally or under the Doctrine of Equivalents must be found in the accused device/process (Pennwalt Corp. v. Durand-Wayland, Inc., 833 F.2d 931 (Fed. Cir. 1987) (en banc), cert. denied, 485 U.S. 961 (1988);

Literal Infringement

- Two steps must be followed in determining if literal infringement exists:
  - First, the meaning and scope of each asserted claim term is determined.
  - Once the meaning of each term in a claim has been ascertained, infringement is determined if the accused device or process literally employs each and every limitation of that claim, exactly as stated in the claim.

Infringement Under Doctrine of Equivalents

- "Under this doctrine, a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention." Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 21 (1997).
- Two tests for equivalency under the DOE are known:
  - "function-way-result" test: infringement is under the DOE if it can be proved that the accused device performs substantially the same function, in substantially the same way, to achieve substantially the same result as the claimed invention.
  - "insubstantial differences" test: infringement exists "if, and only if, the differences between the claimed and accused products or processes are insubstantial." Id. at 1517. One Federal Circuit panel explained that the function-way-result test can be used as indicia whether the differences are "insubstantial;" see Zelinski v. Brunswick Corp., 185 F.3d 1311, 1316-17 (Fed. Cir. 1999).

Infringement

Because a dependent claim incorporates all of the limitations of the independent claim from which it depends, in order for an accused device or process to infringe a dependent claim the device or process must employ every element of both the dependent claim and the independent claim(s) from which the dependent claim depends. Generally, "dependent claims cannot be found infringed unless the claims from which they depend have been found to have been infringed." *Wahpeton Canvas Co. v. Frontier, Inc.*, 10 U.S.P.Q. 2d 1201, 1208 (Fed. Cir. 1989).

How to Respond to a Cease & Desist Letter?

Carefully;

Perform an infringement analysis;

If infringement is possible, verify the enforceability of the patent;

If the patent is good, and infringement is a possibility, consider negotiating a license or designing around the patent;

The file history gives the public pretty solid notice as to the scope of the claims and what stands outside the claims, for example, prior art that the applicant (before the patent issued) had to distinguish from the pending claims

Licensing

A Patent License is a permission to exercise patent rights, i.e., permission to make, use, offer for sale, sell or import a patented invention; a patent license should be in writing.

Kinds of Patent License: Exclusive patent license; Non-exclusive patent license.

A patent License is different than a patent assignment, which is a transfer of all right, title and interest in a patent; and assignor retains no interest or right after the assignment is complete.

Design Around A Patent

Designing around means to come up with an alternative to a patented invention, as claimed.

A good place to start is the prior art that was before the USPTO during prosecution of the patent requiring design around, particularly if it is more than 20 years old

Put another way, one should modify the allegedly infringing device (of course only if possible) so that the as redesigned, the device/process operates as does the prior art to the patent.

Intellectual Property Resources

- US Code, Title 35, Patents
  - Code of Federal Regulations, Title 37, sections 1.1-1.997
  - MPEP
- US Code, Title 15, Chapter 22, Trademarks
  - Code of Federal Regulations, Title 37, sections 2.1-2.209;
  - TMEP
- US code, Title 17, Copyrights

Searching

- Patent Searching
  - Uspto.gov
  - Click on Patents
  - Search patents
  - Carry out quick or advanced search in issued patent database (PatFT) or published application database (AppFT)
  - A patentability opinion includes a search and an analysis of the search results; the cost for a search/patentability opinion varies between $1400 and $1800, depending on the technology

John Vodopia is an intellectual property (IP) attorney with many years of experience in patent and trademark prosecution, licensing and litigation.

John presently serves as the Chair for the Long Island Section of the Institute of Electrical and Electronics Engineers (IEEE), is vice chair for IEEE's Long Island Chapter of Society for Engineering in Medical and Biology (EMB) and is Vice-Chair for Intellectual Property Law Committee, Suffolk County Bar Association.

John holds a B.S. in electrical engineering from Polytechnic University of Brooklyn, New York (now New York University's engineering school) and received his J.D. degree in 1992 from New York Law School. John is admitted to practice law in New Jersey and New York and is admitted to practice patent law before the United States Patent and Trademark Office.

John's practice includes counseling clients on a broad range of intellectual property (IP) matters, based on his extensive experience in the electrical, the medical and the mechanical arts. In addition to his IP law firm experience, John served as a senior counsel to two business divisions within Philips Medical Systems ("PMS"): diagnostic ultrasound (ultrasound) and medical information technologies (MIT) from 2000-2006.

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Examples: Abstract Ideas

The following examples should be used in conjunction with the 2014 Interim Eligibility Guidance. As the examples are intended to be illustrative only, they should be interpreted based on the fact patterns set forth below. Other fact patterns may have different eligibility outcomes.

This set of examples is arranged into two parts. The first part includes four fact patterns with claims that are patent eligible, several of which draw from U.S. Court of Appeals for the Federal Circuit decisions, and the second part includes four fact patterns with claims that were found ineligible by the Federal Circuit. Each of the examples shows how claims should be analyzed under the 2014 Interim Eligibility Guidance. All of the claims are analyzed for eligibility in accordance with their broadest reasonable interpretation.

Part One

These examples show claims that would be patent **eligible** when analyzed under the 2014 Interim Eligibility Guidance. The first example is a hypothetical claim and fact pattern that illustrates an eligible software invention that is not directed to an abstract idea. The second example is a recent Federal Circuit decision. The third and fourth examples are informed by Federal Circuit decisions where claims were found eligible, but are drafted as hypothetical claims modified to prominently add an abstract idea for teaching purposes to facilitate analysis under the "significantly more" prong of the 2014 Interim Eligibility Guidance.

1. Isolating and Removing Malicious Code from Electronic Messages

Hypothetical claims 1 and 2 are not directed to an abstract idea.

Background

The invention relates to isolating and removing malicious code from electronic messages (*e.g.*, email) to prevent a computer from being compromised, for example by being infected with a computer virus. The specification explains the need for computer systems to scan electronic communications for malicious computer code and clean the electronic communication before it may initiate malicious acts. The disclosed invention operates by physically isolating a received electronic communication in a "quarantine" sector of the computer memory. A quarantine sector is a memory sector created by the computer's operating system such that files stored in that sector are not permitted to act on files outside that sector.

When a communication containing malicious code is stored in the quarantine sector, the data contained within the communication is compared to malicious code-indicative patterns stored within a signature database. The presence of a particular malicious code-indicative pattern indicates the nature of the malicious code. The signature database further includes code markers that represent the beginning and end points of the malicious code.

The malicious code is then extracted from malicious code-containing communication. An extraction routine is run by a file parsing component of the processing unit. The file parsing routine performs the following operations:

1. scan the communication for the identified beginning malicious code marker;

2. flag each scanned byte between the beginning marker and the successive end malicious code marker;

3. continue scanning until no further beginning malicious code marker is found; and

4. create a new data file by sequentially copying all non-flagged data bytes into the new file, which thus forms a sanitized communication file.

The new, sanitized communication is transferred to a non-quarantine sector of the computer memory. Subsequently, all data on the quarantine sector is erased.

Claims

1. A computer-implemented method for protecting a computer from an electronic communication containing malicious code, comprising executing on a processor the steps of:

receiving an electronic communication containing malicious code in a computer with a memory having a boot sector, a quarantine sector and a non-quarantine sector;

storing the communication in the quarantine sector of the memory of the computer, wherein the quarantine sector is isolated from the boot and the non-quarantine sector in the computer memory, where code in the quarantine sector is prevented from performing write actions on other memory sectors;

extracting, via file parsing, the malicious code from the electronic communication to create a sanitized electronic communication, wherein the extracting comprises

scanning the communication for an identified beginning malicious code marker,

flagging each scanned byte between the beginning marker and a successive end malicious code marker,

continuing scanning until no further beginning malicious code marker is found, and

creating a new data file by sequentially copying all non-flagged data bytes into a new file that forms a sanitized communication file;

transferring the sanitized electronic communication to the non-quarantine sector of the memory; and

deleting all data remaining in the quarantine sector.

2. A non-transitory computer-readable medium for protecting a computer from an electronic communication containing malicious code, comprising instructions stored thereon, that when executed on a processor, perform the steps of:

receiving an electronic communication containing malicious code in a computer with a memory having a boot sector, a quarantine sector and a non-quarantine sector;

storing the communication in the quarantine sector of the memory of the computer, wherein the quarantine sector is isolated from the boot and the non-quarantine sector in the computer memory, where code in the quarantine sector is prevented from performing write actions on other memory sectors;

extracting, via file parsing, the malicious code from the electronic communication to create a sanitized electronic communication, wherein the extracting comprises

scanning the communication for an identified beginning malicious code marker,

flagging each scanned byte between the beginning marker and a successive end malicious code marker,

continuing scanning until no further beginning malicious code marker is found, and

creating a new data file by sequentially copying all non-flagged data bytes into a new file that forms a sanitized communication file;

transferring the sanitized electronic communication to the non-quarantine sector of the memory; and

deleting all data remaining in the quarantine sector.

Analysis

Claim 1: Eligible.

The method claim recites a series of acts for protecting a computer from an electronic communication containing malicious code. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exception. The claimed invention relates to software technology for isolation and extraction of malicious code contained in an electronic communication. The claim is directed towards physically isolating a received communication on a memory sector and extracting malicious code from that communication to create a sanitized communication in a new data file. Such action does not describe an abstract concept, or a concept similar to those found by the courts to be abstract, such as a fundamental economic practice, a method of organizing human activity, an idea itself (standing alone), or a mathematical relationship. In contrast, the invention claimed here is directed towards performing isolation and eradication of computer viruses, worms, and other malicious code, a concept inextricably tied to computer technology and distinct from the types of concepts found by the courts to be abstract. Accordingly, the claimed steps do not recite an abstract idea. Nor do they implicate any other judicial exception. Accordingly, the claim is not directed to any judicial exception (*Step 2A*: *NO*). The claim is eligible.

Claim 2: Eligible.

The claim is directed to a non-transitory computer-readable medium, which is a manufacture, and thus a statutory category of invention (*Step 1: YES*).

The claim recites the same steps as claim 1 stored on a non-transitory computer readable medium such that they are executable on a processor. The invention described by those steps is not directed towards an abstract idea, for the reasons explained above (*Step 2A*: *NO*). The claim is eligible.

2. E-Commerce Outsourcing System/Generating a Composite Web Page

The following claim was found eligible by the Federal Circuit in DDR Holdings, LLC v. Hotels.com et al., 113 USPQ2d 1097 (Fed. Cir. 2014) (DDR). The patent at issue was U.S. Patent No. 7,818,399.

Background

In affiliate commerce systems, website owners or hosts sell space on their web pages in the form of paid advertisements. Many of these advertisements are banner ads that include links to items offered for sale by third-party merchants. When a visitor activates (clicks on) a link, the visitor is instantly transported away from the host's web page to the merchant's web page so that she can purchase the item (a "commerce object", *e.g.*, a product or service) associated with the link. The merchant pays a commission on each such sale to the host of the web page displaying the link. While these advertising links function as a commission-based advertising program that provides the host additional revenues, they have the disadvantage of luring visitor traffic away from the host's web page, which results in the host losing control of potential customers.

The inventor has addressed this problem of retaining control over customers during affiliate purchase transactions, by creating a system for co-marketing the "look and feel" of the host web page with the product-related content information of the advertising merchant's web page. The system can be operated by a third-party outsource provider, who acts as a broker between multiple hosts and merchants. Prior to implementation, a host places links to a merchant's web page on the host's web page. The links are associated with product-related content on the merchant's web page. Additionally, the outsource provider system stores the "look and feel" information from each host's web pages in a computer data store, which is coupled to a computer server. The "look and feel" information includes visually perceptible elements such as logos, colors, page layout, navigation system, frames, mouse-over effects or other elements that are consistent through some or all of each host's respective web pages.

In the inventor's system, a customer who clicks on an advertising link is not transported from the host web page to the merchant's web page, but instead is re-directed to a composite web page that combines product information associated with the selected item and visually perceptible elements of the host web page. The outsource provider's server responds by first identifying the host web page where the link has been selected and retrieving the corresponding stored "look and feel" information. The server constructs a composite web page using the retrieved "look and feel" information of the host web page, with the product-related content embedded within it, so that the composite web page is visually perceived by the customer as associated with the host web page. The server then transmits and presents this composite web page to the customer so that she effectively remains on the host web page to purchase the item without being redirected to the third party merchant affiliate. Because such composite pages are visually perceived by the customer as associated with the host web page, they give the customer the impression that she is viewing pages served by the host. Further, the customer is able to purchase the item without being redirected to the third party merchant affiliate, thus allowing the host to retain control over the customer. This system enables the host to receive the same advertising revenue streams as before but without the loss of visitor traffic and potential customers.

Representative Claim

19. A system useful in an outsource provider serving web pages offering commercial opportunities, the system comprising:

(a) a computer store containing data, for each of a plurality of first web pages, defining a plurality of visually perceptible elements, which visually perceptible elements correspond to the plurality of first web pages;

(i) wherein each of the first web pages belongs to one of a plurality of web page owners;

(ii) wherein each of the first web pages displays at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants; and

(iii) wherein the selected merchant, the outsource provider, and the owner of the first web page displaying the associated link are each third parties with respect to one other;

(b) a computer server at the outsource provider, which computer server is coupled to the computer store and programmed to:

(i) receive from the web browser of a computer user a signal indicating activation of one of the links displayed by one of the first web pages;

(ii) automatically identify as the source page the one of the first web pages on which the link has been activated;

(iii) in response to identification of the source page, automatically retrieve the stored data corresponding to the source page; and

(iv) using the data retrieved, automatically generate and transmit to the web browser a second web page that displays: (A) information associated with the commerce object associated with the link that has been activated, and (B) the plurality of visually perceptible elements visually corresponding to the source page.

Analysis

Claim 19: Eligible.

The claim recites a system comprising a computer server and computer store. The system comprises a device or set of devices and, therefore, is directed to a machine which is a statutory category of invention (*Step 1: YES*).

Next, the claim is analyzed to determine whether it is directed to a judicial exception. This claim recites a system "useful in outsource provider serving web pages offering commercial opportunities," but is directed to automatically generating and transmitting a web page in response to activation of a link using data identified with a source web page having certain visually perceptible elements. The claim does not recite a mathematical algorithm; nor does it recite a fundamental economic or longstanding commercial practice. The claim addresses a business challenge (retaining website visitors) that is particular to the Internet. The claimed

invention differs from other claims found by the courts to recite abstract ideas in that it does not "merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." No idea similar to those previously found by the courts to be abstract has been identified in the claim. During examination, if the examiner does not identify an abstract idea recited in the claim, the claim should be deemed to be not directed to a judicial exception (*Step 2A*: *NO*). The claim is eligible.

Under the 2014 Interim Eligibility Guidance no further analysis would be necessary. In this decision, however, the court went on to point out certain features of the claim that amount to an inventive concept for resolving this particular Internet-centric problem, rendering the claims patent eligible. An excerpt of the court's discussion follows:

> In particular, the ′399 patent's claims address the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host's website after "clicking" on an advertisement and activating a hyperlink. For example, asserted claim 19 recites a system that, among other things, 1) stores "visually perceptible elements" corresponding to numerous host websites in a database, with each of the host websites displaying at least one link associated with a product or service of a third-party merchant, 2) on activation of this link by a website visitor, automatically identifies the host, and 3) instructs an Internet web server of an "out-source provider" to construct and serve to the visitor a new, hybrid web page that merges content associated with the products of the third-party merchant with the stored "visually perceptible elements" from the identified host website. [ ]
>
> In more plain language, upon the click of an advertisement for a third-party product displayed on a host's website, the visitor is no longer transported to the third party's website. Instead, the patent claims call for an "outsource provider" having a web server which directs the visitor to an automatically-generated hybrid web page that combines visual "look and feel" elements from the host website and product information from the third-party merchant's website related to the clicked advertisement. [ ] In this way, rather than instantly losing visitors to the third-party's website, the host website can instead send its visitors to a web page on the outsource provider's server that 1) incorporates "look and feel" elements from the host website, and 2) provides visitors with the opportunity to purchase products from the third-party merchant without actually entering that merchant's website.

As the court cautioned, "not all claims purporting to address Internet-centric challenges are eligible," but in this case these additional limitations amount to more than simply stating "apply the abstract idea on the Internet." Therefore, when taken as a whole, the claimed invention has additional limitations that amount to significantly more than the abstract idea. Under this reasoning, the claim recites patent eligible subject matter (*Step 2B: YES*).

3. Digital Image Processing

The following hypothetical claims are modeled after the technology in Research Corporation Technologies Inc. v. Microsoft Corp., 627 F.3d 859 (Fed. Cir. 2010) (RCT). The patent at issue was U.S. Patent No. 5,111,310. Hypothetical claims 1-3 are directed to an abstract idea and have additional elements that amount to significantly more than the abstract idea because they show an improvement in the functioning of the computer itself and also show an improvement to another technology/technical field, either of which can show eligibility.

Background

A digital image generally consists of a discrete set of pixels arranged in columns and rows. In a gray scale image, the value of each pixel varies among shades of gray ranging from black at the weakest intensity to white at the strongest intensity. In contrast, a binary image includes pixels that can only have two values, black or white. Some printing devices such as facsimile machines and newspaper printers cannot reproduce gray scale images because they only print in black or white. Therefore, in order to convert a gray scale image into a binary image, halftoning techniques are used. Halftoning creates the illusion of various shades of gray in an image while only using the pixel colors black and white. Certain halftoning techniques involve the pixel-by-pixel comparison of the gray scale image to a two-dimensional array of threshold numbers, also known as a "mask." In digital implementation, the gray scale image to be halftoned is read into memory, and a computer processor compares each pixel of the image to a threshold number at the corresponding position of the mask stored in the computer's memory. Based on that comparison, a binary value representing black or white is output and these outputs are stored together in a binary array known as the dot profile. The dot profile is then converted to a binary display that is the halftoned image (the image for display).

In the instant application, the inventor has improved upon previous halftoning techniques by developing an improved mask called a "blue noise" mask. The blue noise mask requires less memory than previous masks and results in a faster computation time while improving image quality. The blue noise mask is produced through an iterative mathematical operation that begins with generating a dot profile with blue noise properties from an image at a 50% gray level using a blue noise filter. Subsequently, additional dot profiles are generated at differing gray levels. As pixels of the dot profile change across the gray levels, these changes are encoded in a cumulative array. Once all the dot profiles are built, the cumulative array becomes the blue noise mask.

Claims

1. A computer-implemented method for halftoning a gray scale image, comprising the steps of:

generating, with a processor, a blue noise mask by encoding changes in pixel values across a plurality of blue noise filtered dot profiles at varying gray levels;

storing the blue noise mask in a first memory location;

receiving a gray scale image and storing the gray scale image in a second memory location;

comparing, with a processor on a pixel-by-pixel basis, each pixel of the gray scale image to a threshold number in the corresponding position of the blue noise mask to produce a binary image array; and

converting the binary image array to a halftoned image.

2. A non-transitory computer-readable medium with instructions stored thereon, that when executed by a processor, perform the steps comprising:

generating a blue noise mask by encoding changes in pixel values across a plurality of blue noise filtered dot profiles at varying gray levels;

storing the blue noise mask in a first memory location;

receiving a gray scale image and storing the gray scale image in a second memory location;

comparing, on a pixel-by-pixel basis, each pixel of the gray scale image to a threshold number in the corresponding position of the blue noise mask to produce a binary image array; and

converting the binary image array to a halftoned image.

3. A system for halftoning a gray scale image, comprising:

a processor that generates a blue noise mask by encoding changes in pixel values across a plurality of blue noise filtered dot profiles at varying gray levels;

a first memory for storing the blue noise mask; and

a second memory for storing a received gray scale image;

wherein the processor further compares, on a pixel-by-pixel basis, each pixel of the gray scale image to a threshold number in the corresponding position of the blue noise mask to produce a binary image array and converts the binary image array to a halftoned image.

<u>Analysis</u>

<u>Claim 1: Eligible.</u>

The method claim recites a series of acts for generating a blue noise mask and using that blue noise mask to halftone a gray scale image. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exception. The claim recites the step of generating a blue noise mask, which as defined in the background is produced through an iterative mathematical operation. The courts have found that mathematical relationships fall within the judicial exceptions, often labelled as "abstract ideas." Since the mathematical operation of generating a blue noise mask is recited in the claim, the claim is "directed to" a judicial exception (*Step 2A: YES*).

Next, the claim as a whole is analyzed to determine if there are additional limitations recited in the claim such that the claim amounts to significantly more than the mathematical operation. There are several additional limitations recited in the claim besides the mathematical operation of generating a blue noise mask. First, the claim recites using a processor to generate the blue

noise mask. The claim also recites the steps of storing the blue noise mask in a first memory location and receiving a gray scale image and storing the gray scale image in a second memory location. Thus, the claim uses a processor and memory to perform these steps of calculating a mathematical operation and receiving and storing data. The addition of general purpose computer components alone to perform such steps is not sufficient to transform a judicial exception into a patentable invention. The computer components are recited at a high level of generality and perform the basic functions of a computer (in this case, performing a mathematical operation and receiving and storing data) that would be needed to apply the abstract idea via computer. Merely using generic computer components to perform the above identified basic computer functions to practice or apply the judicial exception does not constitute a meaningful limitation that would amount to significantly more than the judicial exception, even though such operations could be performed faster than without a computer.

The claim also recites the additional steps of comparing the blue noise mask to a gray scale image to transform the gray scale image to a binary image array and converting the binary image array into a halftoned image. These additional steps tie the mathematical operation (the blue noise mask) to the processor's ability to process digital images. These steps add meaningful limitations to the abstract idea of generating the blue noise mask and therefore add significantly more to the abstract idea than mere computer implementation. The claim, when taken as a whole, does not simply describe the generation of a blue noise mask via a mathematical operation and receiving and storing data, but combines the steps of generating a blue noise mask with the steps for comparing the image to the blue noise mask and converting the resulting binary image array to a halftoned image. By this, the claim goes beyond the mere concept of simply retrieving and combining data using a computer.

Finally, viewing the claim elements as an ordered combination, the steps recited in addition to the blue noise mask improve the functioning of the claimed computer itself. In particular, as discussed above, the claimed process with the improved blue noise mask allows the computer to use to less memory than required for prior masks, results in faster computation time without sacrificing the quality of the resulting image as occurred in prior processes, and produces an improved digital image. These are also improvements in the technology of digital image processing. Unlike the invention in Alice Corp., the instant claim is not merely limiting the abstract idea to a computer environment by simply performing the idea via a computer (*i.e.*, not merely performing routine data receipt and storage or mathematical operations on a computer), but rather is an innovation in computer technology, namely digital image processing, which in this case reflects both an improvement in the functioning of the computer and an improvement in another technology. Taking all the additional claim elements individually, and in combination, the claim as a whole amounts to significantly more than the abstract idea of generating a blue noise mask (*Step 2B: YES*). The claim recites patent eligible subject matter.

Claim 2: Eligible.

The claim recites a non-transitory computer-readable medium with stored instructions. The term "non-transitory" ensures the claim does not encompass signals and other transitory forms of signal transmission. Therefore, the claim is directed to a manufacture (an article produced from materials), which is a statutory category of invention (*Step 1: YES*).

The claim recites the same steps as claim 1. Therefore, the claim is directed to the same abstract idea identified in claim 1 which is the mathematical operation of generating a blue noise mask

(*Step 2A: YES*). Similarly, the claim recites the same additional elements of comparing the blue noise mask to a gray scale image to transform the gray scale image to a binary image array and converting the binary image array into a halftoned image. These additional elements add significantly more to the abstract idea as evidenced by the improved functioning of the computer in halftoning a gray scale image and the improved digital image processing. For the same reasons set forth above, taking all the additional claim elements individually, and in combination, the claim as a whole amounts to significantly more than the abstract idea of generating a blue noise mask (*Step 2B: YES*). The claim recites patent eligible subject matter.

Claim 3: Eligible.

The claim recites a system comprising a processor, a first memory and a second memory. The claim is directed to statutory category of invention, *i.e.* a machine (a combination of devices) (*Step 1: YES*).

The claim recites the same abstract idea as identified with regard to claim 1, which is the mathematical operation of generating a blue noise mask, and thus is directed to the abstract idea (*Step 2A: YES*). Similarly, the claim recites the same additional elements that compare the blue noise mask to a gray scale image to transform the gray scale image to a binary image array and convert the binary image array into a halftoned image that add significantly more to the abstract idea. For the same reasons set forth above, taking all the additional claim elements individually, and in combination, the claim as a whole amounts to significantly more than the abstract idea of generating a blue noise mask (*Step 2B: YES*). The claim recites patent eligible subject matter.

4. Global Positioning System

The following hypothetical claims are modeled after the technology in SiRF Technology Inc. v. International Trade Commission, 601 F.3d 1319 (Fed. Cir. 2010) (SiRF Tech). The patent at issue was U.S. Patent No. 6,417,801. Hypothetical claims 1 and 2 are directed to an abstract idea and have additional elements that amount to significantly more than the abstract idea because they show an improvement to another technology or technical field.

Background

Global Positioning Systems (GPS) use signals from multiple satellites to calculate the position of a mobile GPS receiver on Earth. Each satellite transmits a signal containing unique pseudo-random noise (PN) codes, satellite positioning data and absolute time information. A mobile GPS receiver generally determines its position using the PN codes, satellite positioning data and the absolute time information from multiple satellite signals. In areas where signal levels are low, it is possible for the mobile GPS receiver to detect the PN codes, but is difficult to obtain the satellite positioning data and absolute time information from the satellite signals.

This application describes systems and methods in which a server wirelessly coupled to a mobile GPS receiver uses a mathematical model to solve for the mobile receiver position without receiving satellite positioning data or absolute time information from a satellite. These systems and methods improve GPS techniques by enabling the mobile GPS receiver to determine its position more accurately and improve its signal-acquisition sensitivity to operate even in weak-signal environments. In particular, the mobile GPS receiver is a mobile device that includes a

GPS antenna, a GPS receiver, a microprocessor, a display, and a wireless communication transceiver. Using mathematical formulas, the device calculates pseudo-ranges (estimated ranges from the GPS receiver to each satellite in view) based on PN codes received from the satellites, and the transceiver sends the pseudo-ranges to the server.

The server is a computer that uses the pseudo-ranges, along with an estimated position based on a known location of a wireless tower and time data from the server's own clock, in mathematical formulas to calculate the absolute time that the GPS receiver received the signals from the satellites. The server then creates a mathematical model that uses the pseudo-ranges and the calculated absolute time to solve for the mobile receiver position, which is transmitted to the mobile device for visual representation on a display. The components of the mobile device and the server (*e.g.*, central processing unit (CPU), clock, wireless tower location database, circuitry, and memory) are all well-known and routine computer components.

Claims

1. A system for calculating an absolute position of a GPS receiver and an absolute time of reception of satellite signals comprising:

a mobile device comprising a GPS receiver, a display, a microprocessor and a wireless communication transceiver coupled to the GPS receiver, the mobile device programmed to receive PN codes sent by a plurality of GPS satellites, calculate pseudo-ranges to the plurality of GPS satellites by averaging the received PN codes, and transmit the pseudo-ranges, and

a server comprising a central processing unit, a memory, a clock, and a server communication transceiver that receives pseudo-ranges from the wireless communication transceiver of the mobile device, the memory having location data stored therein for a plurality of wireless towers, and the central processing unit programmed to:

estimate a position of the GPS receiver based on location data for a wireless tower from the memory and time data from the clock,

calculate absolute time that the signals were sent from the GPS satellites using the pseudo-ranges from the mobile device and the position estimate,

create a mathematical model to calculate absolute position of the GPS receiver based on the pseudo-ranges and calculated absolute time,

calculate the absolute position of the GPS receiver using the mathematical model, and

transmit the absolute position of the GPS receiver to the mobile device, via the server communication transceiver, for visual representation on the display.

2. A method for calculating an absolute position of a GPS receiver and an absolute time of reception of satellite signals comprising:

calculating pseudo-ranges, at a mobile device comprising a GPS receiver, a microprocessor, a display, and a wireless communication transceiver, by averaging PN codes received by the GPS receiver from a plurality of GPS satellites;

wirelessly transmitting the calculated pseudo-ranges from the mobile device to a server, wherein the server comprises a central processing unit (CPU);

calculating, by the server CPU, absolute time that the PN codes were sent from the GPS satellites to the GPS receiver using the pseudo-ranges and an estimated position of the GPS receiver;

using a mathematical model to calculate, by the server CPU, absolute position of the GPS receiver based on the pseudo-ranges and calculated absolute time;

transmitting the absolute position from the server to the mobile device; and

displaying a visual representation of the absolute position on the display of the mobile device.

Analysis

Claim 1: Eligible.

The claim is directed to a statutory category, because a system including a mobile device and a server satisfies the requirements of a machine (as a combination of devices) (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exception. The claim recites mathematical operations (*e.g.*, calculating pseudo-ranges and absolute times, and the mathematical model), which the courts have considered to fall within the judicial exceptions, e.g., as abstract ideas. Because these mathematical operations are recited in the claim, the claim is directed to a judicial exception (*Step 2A: YES*).

Next, the claim as a whole is analyzed to determine whether any element, or combination of elements, is sufficient to ensure that the claim amounts to significantly more than the exception. First, the claim recites using a central processing unit (CPU) for performing the mathematical operations of estimating position, calculating absolute time, and calculating absolute position using a mathematical model. The claim also recites using location data stored in a memory, and time data from a clock. These computer components are recited at a high level of generality and add no more to the claimed invention than the components that perform basic mathematical calculation functions routinely provided by a general purpose computer. Limiting performance of the mathematical calculations to a general purpose CPU, absent more, is not sufficient to transform the recited judicial exception into a patent-eligible invention.

However, the claim is further limited to a mobile device comprising a GPS receiver, microprocessor, wireless communication transceiver and a display that receives satellite data, calculates pseudo-ranges, wirelessly transmits the calculated pseudo-ranges to the server, receives location data from the server, and displays a visual representation of the received calculated absolute position from the server. The programmed CPU acts in concert with the recited features of the mobile device to enable the mobile device to determine and display its absolute position through interaction with a remote server and multiple remote satellites. The meaningful limitations placed upon the application of the claimed mathematical operations show that the claim is not directed to performing mathematical operations on a computer alone. Rather, the combination of elements impose meaningful limits in that the mathematical operations are applied to improve an existing technology (global positioning) by improving the signal-acquisition sensitivity of the receiver to extend the usefulness of the technology into

weak-signal environments and providing the location information for display on the mobile device. All of these features, especially when viewed in combination, amount to significantly more than the judicial exception (*Step 2B: YES*). The claim is eligible.

Claim 2: Eligible.

The claim is directed to a statutory category, because a series of steps including calculating pseudo-ranges and wirelessly transmitting those pseudo-ranges satisfies the requirements of a process (a series of acts) (*Step 1: YES*).

The claim recites the same abstract ideas identified with regard to claim 1, which are the mathematical operations of, *e.g.*, calculating pseudo-ranges and absolute times, and the mathematical model. Thus, this claim is also directed to a judicial exception (*Step 2A:* YES). Similarly, the claim recites the same additional elements of a server CPU estimating position, calculating absolute time, and calculating absolute position using a mathematical model, and a mobile device comprising a GPS receiver, microprocessor, wireless communication transceiver and a display receiving satellite data, calculating pseudo-ranges, wirelessly transmitting the calculated pseudo-ranges to the server, receiving a calculated absolute position from the server, and then displaying a visual representation of the received position. For the same reasons set forth above, taking all the additional claim elements individually, and in combination, the claim as a whole amounts to significantly more than the mathematical operations by themselves (*Step 2B: YES*). The claim is eligible.

Part Two

These examples show claims that were held **ineligible** by the Federal Circuit. The analysis sections are informed by the court decisions but offer exemplary hypothetical analyses under the 2014 Interim Eligibility Guidance.

5. Digital Image Processing

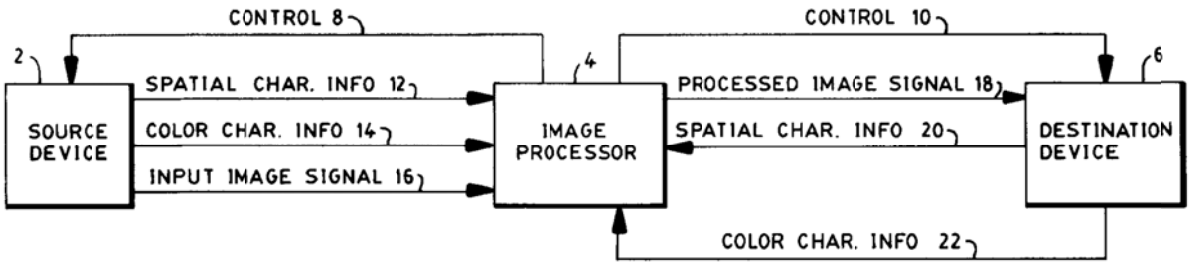
The following claim was found ineligible by the Federal Circuit in Digitech Image Tech., LLC v. Electronics for Imaging, Inc., 758 F.3d 1344 (Fed. Cir. 2014). The patent at issue was U.S. Patent No. 6,128,415. The claim is directed to an abstract idea and does not have any additional elements that could amount to more than the abstract idea itself.

Background

In general, digital image processing involves the acquisition of an image at a source device (*e.g.*, digital camera, camcorder, scanner, etc.), processing the image in a desired fashion and outputting the processed image at a destination device (*e.g.*, monitor, printer, computer memory, etc.). However, all image devices, whether source devices or destination devices, impose some level of distortion of an image's color and spatial properties. Some past solutions to address the distortion have used a "device profile," which describes the color properties of both the source and destination devices, to enable a more accurate translation of the image's pixel data into the independent color space across the source and destination devices. The inventor has expanded upon the prior device profile to capture both spatial as well as the color properties of the devices.

Examples: Abstract Ideas

In this invention, as seen in Fig. 1 reproduced below, a device profile is created based on information from a source device 2, such as a digital camera, and from a destination device 6, such as a printer. The device profile is used to produce the processed image signal 18 from the input image signal 16. Spatial characteristic information 12, 20 and color characteristic information 14, 22 are provided from each device to an image processor 4, along with the input image signal 16. This characteristic information is used to generate first data relating to color information content of the image and second data relating to spatial information content of the image using known mathematical techniques, such as Fourier analysis to yield a Wiener Noise Power Spectrum (mathematical processing techniques). The generated data is incorporated into the device profile.



Representative Claim

10. A method of generating a device profile that describes properties of a device in a digital image reproduction system for capturing, transforming or rendering an image, said method comprising:

generating first data for describing a device dependent transformation of color information content of the image to a device independent color space through use of measured chromatic stimuli and device response characteristic functions;

generating second data for describing a device dependent transformation of spatial information content of the image in said device independent color space through use of spatial stimuli and device response characteristic functions; and

combining said first and second data into the device profile.

Analysis

Claim 10: Ineligible.

The claim is directed to a statutory category, because a series of steps for generating data satisfies the requirements of a process (a series of acts) (*Step 1: YES*).

Next, the claim is analyzed to determine whether it is directed to a judicial exception. The claim recites a method of generating first data and second data using mathematical techniques and combining the first and second data into a device profile. In other words, the claimed method simply describes the concept of gathering and combining data by reciting steps of organizing information through mathematical relationships. The gathering and combining merely employs mathematical relationships to manipulate existing information to generate additional information in the form of a 'device profile,' without limit to any use of the device profile. This idea is

similar to the basic concept of manipulating information using mathematical relationships (*e.g.*, converting numerical representation in Benson), which has been found by the courts to be an abstract idea. Therefore, the claim is directed to an abstract idea (*Step 2A:* YES).

The claim does not include additional elements beyond the abstract idea of gathering and combining data. Therefore, the claim does not amount to more than the abstract idea itself (*Step 2B: NO*). The claim is not patent eligible.

6. The Game of Bingo

The following claim was found ineligible by the Federal Circuit in Planet Bingo, LLC v. VKGS LLC, 576 Fed. Appx. 1005 (Fed. Cir. 2014). The patent at issue was U.S. Patent No. 6,398,646. The claim is directed to an abstract idea and has additional elements that do not amount to significantly more than the abstract idea.

Background

The invention relates to an automated Bingo system having the ability to print sets of numbers on tickets on site. The system uses a computer to print the tickets, track the sale of the tickets and to validate winning tickets. The computer stores the specific sets of Bingo numbers for a player and prints the tickets having the player's specific set of Bingo numbers to enable the player to play his specific Bingo numbers for various sessions of Bingo. The automated system allows for managing all aspects of a Bingo game, including solving tampering problems and minimizing other security risks during Bingo ticket purchases.

Representative Claim

Claim 1. A system for managing a game of Bingo which comprises:

(a) a computer with a central processing unit (CPU) and with a memory and with a printer connected to the CPU;

(b) an input and output terminal connected to the CPU and memory of the computer; and

(c) a program in the computer enabling:

(i) input of at least two sets of Bingo numbers which are preselected by a player to be played in at least one selected game of Bingo in a future period of time;

(ii) storage of the sets of Bingo numbers which are preselected by the player as a group in the memory of the computer;

(iii) assignment by the computer of a player identifier unique to the player for the group having the sets of Bingo numbers which are preselected by the player wherein the player identifier is assigned to the group for multiple sessions of Bingo;

(iv) retrieval of the group using the player identifier;

(v) selection from the group by the player of at least one of the sets of Bingo numbers preselected by the player and stored in the memory of the computer as the group for play in a selected game of Bingo in a specific session of Bingo wherein a number of sets of Bingo

numbers selected for play in the selected game of Bingo is less than a total number of sets of Bingo numbers in the group;

(vi) addition by the computer of a control number for each set of Bingo numbers selected for play in the selected game of Bingo;

(vii) output of a receipt with the control number, the set of Bingo numbers which is preselected and selected by the player, a price for the set of Bingo numbers which is preselected, a date of the game of Bingo and optionally a computer identification number; and

(viii) output for verification of a winning set of Bingo numbers by means of the control number which is input into the computer by a manager of the game of Bingo.

Analysis

Claim 1: Ineligible.

Claim 1 is directed to a system comprising a computer, an input and output terminal, and a program enabling management of the game of Bingo. The claimed system is therefore directed to a statutory category, *i.e.*, a machine (a combination of devices) (*Step 1: YES).*

The claim is then analyzed to determine whether it is directed to any judicial exceptions. The claim recites program elements (i) through (viii) that describe the steps of managing a game of Bingo, including for example inputting and storing two sets of Bingo numbers, assigning a unique player identifier and control number, and verifying a winning set of Bingo numbers. Managing the game of Bingo as recited in the claim can be performed mentally or in a computer and is similar to the kind of 'organizing human activity' at issue in Alice Corp. Although the claims are not drawn to the same subject matter, the abstract idea of managing a game of Bingo is similar to the abstract ideas of managing risk (hedging) during consumer transactions (Bilski) and mitigating settlement risk in financial transactions (Alice Corp.) Claim 1 describes managing the game of Bingo and therefore is directed to an abstract idea (*Step 2A: YES*).

Next, the claim is analyzed to determine whether there are additional limitations recited that amount to significantly more than the abstract idea. The claim requires the additional limitations of a computer with a central processing unit (CPU), memory, a printer, an input and output terminal, and a program. These generic computer components are claimed to perform their basic functions of storing, retrieving and processing data through the program that enables the management of the game of Bingo. The recitation of the computer limitations amounts to mere instructions to implement the abstract idea on a computer. Taking the additional elements individually and in combination, the computer components at each step of the management process perform purely generic computer functions. As such, there is no inventive concept sufficient to transform the claimed subject matter into a patent-eligible application. The claim does not amount to significantly more than the abstract idea itself (*Step 2B: NO*). Accordingly, the claim is not patent eligible.

7. E-Commerce providing Transaction Performance Guaranty

The following claim was found ineligible by the Federal Circuit in buySAFE, Inc. v. Google, Inc., 765 F.3d 1350 (Fed. Cir. 2014). The patent at issue was U.S. Patent No. 7,644,019. The claim is directed to an abstract idea and has additional elements that do not amount to significantly more than the abstract idea.

Background

The invention relates to methods for conducting reliable transactions in an e-commerce environment. More specifically, the invention relates to methods providing a performance guaranty in a transaction. When a safe transaction service provider receives a request from a first party for obtaining a transaction performance guaranty service, the safe transaction service provider processes the request by underwriting the first party. If the underwriting is successful, the transaction performance guaranty service is provided to the first party, which binds a transaction performance guaranty to an online commercial transaction involving the first party and guarantees the first party's performance when the first party and second party enter the online transaction.

Representative Claim

1. A method, comprising:

receiving, by at least one computer application program running on a computer of a safe transaction service provider, a request from a first party for obtaining a transaction performance guaranty service with respect to an online commercial transaction following closing of the online commercial transaction;

processing, by at least one computer application program running on the safe transaction service provider computer, the request by underwriting the first party in order to provide the transaction performance guaranty service to the first party,

wherein the computer of the safe transaction service provider offers, via a computer network, the transaction performance guaranty service that binds a transaction performance guaranty to the online commercial transaction involving the first party to guarantee the performance of the first party following closing of the online commercial transaction.

Analysis

Claim 1: Ineligible.

The claim is directed to a process, *i.e.*, a series of steps or acts, for providing a performance guaranty. A process is one of the statutory categories of invention (*Step 1: YES*).

Next, the claim is analyzed to determine whether it is directed to a judicial exception. The claim recites the steps of creating a contract, including receiving a request for a performance guaranty (contract), processing the request by underwriting to provide a performance guaranty and offering the performance guaranty. This describes the creation of a contractual relationship, which is a commercial arrangement involving contractual relations similar to the fundamental economic practices found by the courts to be abstract ideas (*e.g.*, hedging in Bilski). It is also noted that narrowing the commercial transactions to particular types of relationships or particular

parts of that commercial transaction (*e.g.*, underwriting) would not render the concept less abstract. Thus, the claim is directed to an abstract idea (*Step 2A: YES*).

Analyzing the claim as whole for an inventive concept, the claim limitations in addition to the abstract idea include a computer application running on a computer and the computer network. This is simply a generic recitation of a computer and a computer network performing their basic functions. The claim amounts to no more than stating create a contract on a computer and send it over a network. These generic computing elements alone do not amount to significantly more than the judicial exception (*Step 2B: NO*). The claim is not patent eligible.

8. Distribution of Products over the Internet

The following claim was found ineligible by the Federal Circuit in Ultramercial v. Hulu and WildTangent, 2014 U.S. App. LEXIS 21633 (Fed. Cir. 2014). The patent at issue was U.S. Patent No. 7,346,545. The claim is directed to an abstract idea and has additional elements that do not amount to significantly more than the abstract idea.

Background

The invention addresses problems with piracy of digital copyrighted media (video, audio, etc.), especially among people who have limited access to cash and credit cards. The invention is directed to distributing products covered by intellectual property, such as copyright, over a telecommunications network by allowing a consumer to choose to view or interact with a sponsor's message in exchange for access to copyrighted material. The sponsor then pays the holder of the underlying intellectual property, thus allowing the consumer to obtain the product without paying with cash or credit. The invention uses a series of detailed steps that accomplish the exchange of products.

Representative Claim

1. A method for distribution of products over the Internet via a facilitator, said method comprising the steps of:

a first step of receiving, from a content provider, media products that are covered by intellectual property rights protection and are available for purchase, wherein each said media product being comprised of at least one of text data, music data, and video data;

a second step of selecting a sponsor message to be associated with the media product, said sponsor message being selected from a plurality of sponsor messages, said second step including accessing an activity log to verify that the total number of times which the sponsor message has been previously presented is less than the number of transaction cycles contracted by the sponsor of the sponsor message;

a third step of providing the media product for sale at an Internet website;

a fourth step of restricting general public access to said media product;

a fifth step of offering to a consumer access to the media product without charge to the consumer on the precondition that the consumer views the sponsor message;

a sixth step of receiving from the consumer a request to view the sponsor message, wherein the consumer submits said request in response to being offered access to the media product;

a seventh step of, in response to receiving the request from the consumer, facilitating the display of a sponsor message to the consumer;

an eighth step of, if the sponsor message is not an interactive message, allowing said consumer access to said media product after said step of facilitating the display of said sponsor message;

a ninth step of, if the sponsor message is an interactive message, presenting at least one query to the consumer and allowing said consumer access to said media product after receiving a response to said at least one query;

a tenth step of recording the transaction event to the activity log, said tenth step including updating the total number of times the sponsor message has been presented; and

an eleventh step of receiving payment from the sponsor of the sponsor message displayed.

Analysis

Claim 1: Ineligible.

The claim is directed to a process; *i.e.*, a series of steps or acts, for distributing media and advertisements over the Internet. A process is one of the statutory categories of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to an exception. The claim recites an eleven step process for displaying an advertisement in exchange for access to copyrighted media. That is, the claim describes the concept of using advertising as an exchange or currency. This concept is similar to the concepts involving human activity relating to commercial practices (*e.g.*, hedging in Bilski) that have been found by the courts to be abstract ideas. The addition of limitations that narrow the idea, such as receiving copyrighted media, selecting an ad, offering the media in exchange for watching the selected ad, displaying the ad, allowing the consumer access to the media, and receiving payment from the sponsor of the ad, further describe the abstract idea, but do not make it less abstract. The claim is directed to an abstract idea (*Step 2A: YES*).

Next, the claim as a whole is analyzed to determine whether it amounts to significantly more than the concept of using advertising as an exchange or currency. The claim has additional limitations to the abstract idea such as accessing and updating an activity log, requiring a request from the consumer to view the advertising, restricting public access, and using the Internet as an information transmitting medium.

Viewing the limitations individually, the accessing and updating of an activity log are used only for data gathering and, as such, only represent insignificant pre-solution activity. Similarly, requiring a consumer request and restricting public access is insignificant pre-solution activity because such activity is necessary and routine in implementing the concept of using advertising as an exchange or currency; *i.e.*, currency must be tendered upon request in order for access to be

provided to a desired good. Furthermore, the Internet limitations do not add significantly more because they are simply an attempt to limit the abstract idea to a particular technological environment.

Viewing the limitations as a combination, the claim simply instructs the practitioner to implement the concept of using advertising as an exchange or currency with routine, conventional activity specified at a high level of generality in a particular technological environment. When viewed either as individual limitations or as an ordered combination, the claim as a whole does not add significantly more to the abstract idea of using advertising as an exchange or currency (*Step 2B: NO*). The claim is not patent eligible.

July 2015 Update Appendix 1: Examples

The following examples should be used in conjunction with the *2014 Interim Guidance on Subject Matter Eligibility* (2014 IEG). As the examples are intended to be illustrative only, they should be interpreted based on the fact patterns set forth below. Other fact patterns may have different eligibility outcomes. While some of the fact patterns draw from U.S. Supreme Court and U.S. Court of Appeals for the Federal Circuit decisions, each of the examples shows how claims should be analyzed under the 2014 IEG. All of the claims are analyzed for eligibility in accordance with their broadest reasonable interpretation.

Note that the examples herein are numbered consecutively beginning with number 21, because 20 examples were previously issued. A comprehensive index of all examples for use with the 2014 IEG is provided in Appendix 2 to the July 2015 Update.

21. Transmission Of Stock Quote Data

The following hypothetical claims and background are modeled after the technology in Google Inc. v. Simpleair, Inc., Covered Business Method Case No. CBM 2014-00170 (Jan. 22, 2015), but are revised to emphasize certain teaching points. The patent at issue was U.S. Patent No. 7,035,914 entitled "System and Method for Transmission of Data." Hypothetical claim 1 is directed to an abstract idea and does not have additional elements that amount to significantly more than the abstract idea. Hypothetical claim 2 also recites an abstract idea but does contain additional elements that amount to significantly more because there are meaningful limitations beyond generally linking the use of the abstract idea to a particular technological environment.

Background

The invention is directed to a stock quote alert subscription service where subscribers receive customizable stock quotes on their local computers from a remote data source. At the time of the invention, stock quote subscription services over the Internet were known in the art. However, existing services experienced challenges when attempting to notify a subscriber whose computer was offline (not connected to the Internet) at the time of the alert, since many stock quotes are time sensitive. Further, many previous subscription services simply transmitted all available stock quote information to the user at a given time, which required the subscriber to sort through large amounts of data to identify relevant stock quotes, and often sent information at an inconvenient time (*e.g.*, after the stock exchanges are closed). The stock quote alert subscription service of the present invention addresses these problems.

During enrollment to the subscription service, the subscriber provides preference information in the form of stocks of interest, stock price threshold (e.g., when the price reaches $100 per share), a destination address of a wireless device (e.g., a number for a cellular phone, pager or PDA), preferred format of the alert, and a transmission schedule indicating the time/date that alerts should be sent. The subscription service uses a transmission server to receive data from a data source and send selected data to subscribers. The transmission server includes a memory, a transmitter, and a microprocessor. The subscription service provides a stock viewer application to subscribers for installation on their individual computers. After a subscriber enrolls, the service receives stock quote information sent from a data source to the transmission

server. The server filters the stock quote information based upon the subscriber preference information that is stored in memory on the server. That is, the server compares the received stock quote information to the stored stocks of interest and stock price threshold preferences to determine which stock quotes to drop and which to further process. Next, a stock quote alert is built containing the filtered stocks' name and price information and a universal resource locator (URL) to a web page at the data source which contains further information on the stock quote. The alert is then formatted into data blocks based upon the alert format preference information. Subsequently, the formatted data blocks are transmitted to the subscriber's wireless device in accordance with the transmission schedule. After receiving the alert, the subscriber can connect the wireless device to the subscriber's computer. The alert causes the subscriber's computer to auto-launch the stock viewer application provided by the service to display the alert. When connected to the Internet, the subscriber may then click on the URL in the alert to use the stock viewer application to access more detailed information about the stock quote from the data source.

Claims

1. A method of distributing stock quotes over a network to a remote subscriber computer, the method comprising:

receiving stock quotes at a transmission server sent from a data source over the Internet, the transmission server comprising a microprocessor and memory that stores the remote subscriber's preferences for information format, destination address, specified stock price values, and transmission schedule, wherein the microprocessor

filters the received stock quotes by comparing the received stock quotes to the specified stock price values;

generates a stock quote alert from the filtered stock quotes that contains a stock name, stock price and a universal resource locator (URL), which specifies the location of the data source;

formats the stock quote alert into data blocks according to said information format; and

transmits the formatted stock quote alert to a computer of the remote subscriber based upon the destination address and transmission schedule.

2. A method of distributing stock quotes over a network to a remote subscriber computer, the method comprising:

providing a stock viewer application to a subscriber for installation on the remote subscriber computer;

receiving stock quotes at a transmission server sent from a data source over the Internet, the transmission server comprising a microprocessor and a memory that stores

the remote subscriber's preferences for information format, destination address, specified stock price values, and transmission schedule, wherein the microprocessor

filters the received stock quotes by comparing the received stock quotes to the specified stock price values;

generates a stock quote alert from the filtered stock quotes that contains a stock name, stock price and a universal resource locator (URL), which specifies the location of the data source;

formats the stock quote alert into data blocks according to said information format; and

transmits the formatted stock quote alert over a wireless communication channel to a wireless device associated with a subscriber based upon the destination address and transmission schedule,

wherein the alert activates the stock viewer application to cause the stock quote alert to display on the remote subscriber computer and to enable connection via the URL to the data source over the Internet when the wireless device is locally connected to the remote subscriber computer and the remote subscriber computer comes online.

Analysis

Claim 1: Ineligible

The claim recites a series of acts for distributing stock quotes to selected remote devices. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES)*.

Next, the claim is analyzed to determine whether it is directed to a judicial exception. The claim recites the steps of receiving, filtering, formatting and transmitting stock quote information. In other words, the claim recites comparing and formatting information for transmission. This is simply the organization and comparison of data which can be performed mentally and is an idea of itself. It is similar to other concepts that have been identified as abstract by the courts, such as using categories to organize, store and transmit information in *Cyberfone*, or comparing new and stored information and using rules to identify options in *SmartGene*. Therefore, the claim is directed to an abstract idea (*Step 2A: YES*).

Next, the claim as a whole is analyzed to determine whether any element, or combination of elements, is sufficient to ensure that the claim amounts to significantly more than the exception. The claim recites the additional limitations of using a transmission server with a memory that stores subscriber preferences, a transmitter that receives and sends information over the Internet, and a microprocessor that performs the generic functions of comparing and formatting information. The transmission server is recited at a high level of generality and its broadest reasonable interpretation comprises only a microprocessor, memory and transmitter to simply perform the generic computer functions of receiving, processing and transmitting information. Generic computers performing generic computer functions, alone, do not amount to significantly more than the abstract idea. Finally, the

Internet limitations are simply a field of use that is an attempt to limit the abstract idea to a particular technological environment and, so do not add significantly more. Viewing the limitations as an ordered combination does not add anything further than looking at the limitations individually. When viewed either individually, or as an ordered combination, the additional limitations do not amount to a claim as a whole that is significantly more than the abstract idea (*Step 2B: NO*). The claim is not patent eligible.

A rejection of claim 1 should identify the exception by pointing to the filtering, generating and formatting steps and explain that the comparing and formatting of information is a mental process that is similar to the concepts that courts have previously found abstract. The rejection should also identify the additional limitations regarding the transmission server and explain why those limitations comprise only a generic computer performing generic computer functions that do not impose meaningful limits on the claimed method.

<u>Claim 2: Eligible</u>

The claim recites a series of acts for distributing stock quotes to selected remote devices. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES)*.

The claim is then analyzed to determine if the claim is directed to a judicial exception. As discussed above, the recited steps of comparing and organizing data for transmission are a mental process and similar to other concepts found to be abstract by the courts. The claim is directed to an abstract idea (*Step 2A: YES*).

Next, the claim as a whole is evaluated to determine if there are additional limitations that amount to significantly more than the abstract idea. The claim recites the additional limitations of using a transmission server with a microprocessor and a memory to store subscriber preferences, transmitting a stock quote alert from the transmission server over a data channel to a wireless device, and providing a stock viewer application that causes the stock quote alert to display on the subscriber computer and enables a connection from the subscriber computer to the data source over the Internet when the subscriber computer comes online. It is noted that, as discussed above, some of the limitations when viewed individually do not amount to significantly more than the abstract idea (such as storing subscriber preferences or transmitting an alert). However, when looking at the additional limitations as an ordered combination, the invention as a whole amounts to significantly more than simply organizing and comparing data. The claimed invention addresses the Internet-centric challenge of alerting a subscriber with time sensitive information when the subscriber's computer is offline. This is addressed by transmitting the alert over a wireless communication channel to activate the stock viewer application, which causes the alert to display and enables the connection of the remote subscriber computer to the data source over the Internet when the remote subscriber computer comes online. These are meaningful limitations that add more than generally linking the use of the abstract idea (the general concept of organizing and comparing data) to the Internet, because they solve an Internet-centric problem with a claimed solution that is necessarily rooted in computer technology, similar to the additional elements in *DDR Holdings*. These limitations, when taken as an ordered combination, provide

unconventional steps that confine the abstract idea to a particular useful application. Therefore, the claim recites patent eligible subject matter (*Step 2B: YES*).

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance indicating that the claim recites the abstract idea of comparing and organizing data for transmission. However, the claim is eligible because it recites additional limitations that when considered as an ordered combination demonstrates a technologically rooted solution to an Internet-centric problem and thus amounts to significantly more than comparing and organizing information for transmission.

22. Graphical User Interface For Meal Planning

The following claim was found ineligible by the Southern District of New York, and the judgment was affirmed by the Federal Circuit in Dietgoal Innovations LLC v. Bravo Media LLC, 599 Fed. Appx. 956 (Fed. Cir. Apr. 8, 2015). The patent at issue was U.S. Patent 6,585,516. The claim is directed to an abstract idea, and the additional elements do not amount to significantly more than the abstract idea, but merely implement the idea using generic computer technology. The exemplary analysis shows how an examiner would apply the 2014 IEG analysis to the claim when making a rejection.

Background

The invention addresses a way to solve the issue of obesity, specifically by using visuals to assist users to follow diet programs designed by health professionals for the purpose of modifying diet behavior. In particular, the invention is a computer system that "includes[s] a User Interface (UI), a Meal Database, a Food Database, Picture Menus and Meal Builder." The UI functions to receive commands from the user and display results to the user. The Food and Meal Databases are databases of food information and preselected combinations of foods that have been compiled into a single repository. The Picture Menus display pictures of meals on the UI so the user can make a plan by mixing and matching foods to meet customized eating goals. The Meal Builder permits the user to design meals and view the impact of the food choices on customized eating goals in real time. In practice, the invention permits a user to choose meals for a particular day, as well as modify one or more of the meals to create new meals, while seeing the impact on their dietary plan. The object of the invention is to influence a person's eating behavior.

Claim

2. A system of computerized meal planning, comprising:

a User Interface;

a Database of food objects; and

a Meal Builder, which displays on the User Interface meals from the Database and wherein a user can change content of said meals and view the resulting meals' impact on customized eating goals.

Analysis

Claim 2: Ineligible.

The broadest reasonable interpretation of the claim encompasses a computer system (*e.g.*, hardware such as a processor and memory) that implements a user interface, a database, and a food data selection program. The system comprises a device or set of devices and, therefore, is directed to a machine, which is a statutory category of invention (*Step 1: YES*).

The claim is then analyzed to determine if the claim is directed to a judicial exception. The claim recites a system for selecting and modifying meals based upon dietary goals. In other words, the claim describes a process of meal planning. Meal planning is the organization and comparison of information to develop a guideline for eating. It is a mental process of managing behavior that could be performed in the human mind, or by a human using a pen and paper. Such a basic concept is similar to other mental processes found abstract by the courts such as comparing new and stored information and using rules to identify options in *SmartGene*, and obtaining and comparing intangible data in *Cybersource*. Therefore, claim 2 is directed to an abstract idea *(Step 2A: YES).*

Next, the claim is analyzed to determine if there are additional claim limitations that individually, or as an ordered combination, ensure that the claim amounts to significantly more than the abstract idea. The only additional limitations in the claim relate to computerization of meal planning with an interface, a database of food objects, and a "meal builder," which is a computer program that allows selection and comparison of food data. The meal builder would require a processor and memory in order to perform basic computer functions of accepting user input, retrieving information from a database, manipulating that information and displaying the results. These components are not explicitly recited and therefore must be construed at the highest level of generality. The interface is also recited at a high level of generality with the only required function of displaying, which is a well-known routine function of interfaces. Further, the database performs only its basic function of storing information, which is common to all databases. Thus, the recited generic computer components perform no more than their basic computer functions. These additional elements are well-understood, routine and conventional limitations that amount to mere instructions to implement the abstract idea of meal planning on a computer. Taking these computer limitations as an ordered combination adds nothing that is not already present when the elements are taken individually. Therefore, the claim does not amount to significantly more than the recited abstract idea *(Step 2B: NO)*. The claim is not patent eligible.

A rejection of this claim should identify the abstract idea of selecting meals for a customized eating goal, which is similar to concepts of obtaining and comparing data that were found to be abstract by the courts. The rejection should also identify the additional elements and explain the reasons why they amount to no more than merely implementing the idea of meal planning using generic computer components.

23. Graphical User Interface For Relocating Obscured Textual Information

The following claims are hypothetical. Claim 1 demonstrates a claim that is not directed to an abstract idea. Claims 2 and 3 are directed to an abstract idea and do not recite significantly more. Claim 4 recites an abstract idea, but there are additional limitations in the claim that amount to significantly more than the abstract idea.

Background

The invention relates to a graphical user interface (GUI). A GUI manages the interaction between a computer system and a user through graphical elements such as windows on a display. Windows display various types of outputs for various computer processes and may contain controls to accept user input for those processes. In some instances, multiple windows are displayed at the same time; due to limited display space, however, the windows may overlap and obscure the content of underlying windows.

In the instant application, the inventor has improved upon previous GUIs by dynamically relocating obscured textual information of an underlying window to become automatically viewable to the user. In particular, in a graphical user interface that comprises multiple windows, the invention continuously monitors the boundaries of the windows to ascertain an overlap condition indicating that the windows overlap such that the textual information of an underlying window is obscured from a user's view by the overlapping window. Only when the textual information of the underlying window is detected to be obscured, the invention re-formats and moves the textual information in the underlying window to an unobscured portion of the underlying window so that the textual information is viewable by the user. When the overlap condition no longer exists, the textual information is returned to its original format and location.

The inventor's process is performed by modifying the vertical and horizontal margins of the underlying window in accordance with the overlap and utilizing a word wrap function to wrap the text around the obscured area based upon the new margins, and, where necessary, reducing the text size to permit the entirety of the textual information to be viewable in the unobscured portion. The textual information is scaled based upon a scaling factor that is calculated using a mathematical algorithm. First, an area of the underlying window and an area of the unobstructed portion of the underlying window are calculated. Next, the scaling factor is calculated which is proportional to the difference in area between the underlying window and the unobstructed portion of the underlying window. Finally, the font size of the textual information is changed in accordance with the scaling factor. The new scaled textual information is then moved as described above to the unobstructed portion of the underlying window. When the windows no longer overlap, the textual information is returned to its original format and location by resetting the vertical and horizontal margins of the window to their original values and no longer applying the scaling factor to the font size. By permitting textual information to be dynamically relocated based upon an overlap condition, the computer's ability to display information and interact with the user is improved.

Claims

1. A computer-implemented method for dynamically relocating textual information within an underlying window displayed in a graphical user interface, the method comprising:

displaying a first window containing textual information in a first format within a graphical user interface on a computer screen;

displaying a second window within the graphical user interface;

constantly monitoring the boundaries of the first window and the second window to detect an overlap condition where the second window overlaps the first window such that the textual information in the first window is obscured from a user's view;

automatically relocating the textual information, by a processor, to an unobscured portion of the first window in a second format during an overlap condition so that the textual information is viewable on the computer screen by the user; and

automatically returning the relocated textual information, by the processor, to the first format within the first window when the overlap condition no longer exists.

2. A computer-implemented method of resizing textual information within a window displayed in a graphical user interface, the method comprising:

generating first data for describing the area of a first graphical element;

generating second data for describing the area of a second graphical element containing textual information; and

calculating a scaling factor for the textual information which is proportional to the difference between the first data and second data.

3. A computer-implemented method of resizing textual information within a window displayed in a graphical user interface, the method comprising:

generating first data for describing the area of a first graphical element;

generating second data for describing the area of a second graphical element containing textual information; and

calculating, by the computer, a scaling factor for the textual information which is proportional to the difference between the first data and second data.

4. A computer-implemented method for dynamically relocating textual information within an underlying window displayed in a graphical user interface, the method comprising:

displaying a first window containing textual information in a first format within a graphical user interface on a computer screen;

displaying a second window within the graphical user interface;

constantly monitoring the boundaries of the first window and the second window to detect an overlap condition where the second window overlaps the first window such that the textual information in the first window is obscured from a user's view;

determining the textual information would not be completely viewable if relocated to an unobstructed portion of the first window;

calculating a first measure of the area of the first window and a second measure of the area of the unobstructed portion of the first window;

calculating a scaling factor which is proportional to the difference between the first measure and the second measure;

scaling the textual information based upon the scaling factor;

automatically relocating the scaled textual information, by a processor, to the unobscured portion of the first window in a second format during an overlap condition so that the entire scaled textual information is viewable on the computer screen by the user; and

automatically returning the relocated scaled textual information, by the processor, to the first format within the first window when the overlap condition no longer exists.

Analysis

Claim 1: Eligible.

The claim recites a series of steps for relocating textual information in an underlying window to an unobscured portion of the underlying window. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES*).

Next, the claim must be analyzed to determine whether it is directed to a judicial exception. Here, the claimed method relates to addressing a problem with overlapping windows within a graphical user interface. In particular, the claim recites dynamically relocating textual information within a window displayed in a graphical user interface based upon a detected overlap condition. When the windows overlap, textual information is reformatted and relocated to an unobscured portion of the underlying window; when the windows no longer overlap, the textual information is returned to its original format and location. The claim does not recite a basic concept that is similar to any abstract idea previously identified by the courts. For example, the claim does not recite any mathematical concept or a mental process such as comparing or categorizing information that can be performed in the human mind, or by a human using a pen and paper. Accordingly, the claim does not set forth or describe an abstract idea. Instead, the claimed method is necessarily rooted in computer technology to overcome a problem specifically arising in graphical user interfaces. Additionally, the claim does not recite any other judicial exception. Therefore, the claim is not directed to a judicial exception *(Step 2A: NO)*. The claim is patent eligible.

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance indicating that the claim is not directed to any judicial exception.

Claim 2: Ineligible.

The claim is directed to a series of steps for calculating a scaling factor, and thus is a process which is a statutory category of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exceptions. The claim recites the steps of calculating a first area and a second area and using the areas to calculate a scaling factor. This concept is similar to the other types of basic concepts that have been found by the courts to be abstract. In particular, the courts have found mathematical algorithms to be abstract ideas (*e.g.*, a mathematical procedure for converting one form of numerical representation to another in *Benson*, or an algorithm for calculating parameters indicating an abnormal condition in *Grams*). Therefore, the claim is directed to an abstract idea *(Step 2A: YES)*.

Next, the claim is analyzed to determine whether there are additional limitations recited in the claim that amount to significantly more than the abstract idea, either individually or as an ordered combination. The body of the claim does not recite any additional limitations besides the mathematical algorithm for calculating a scaling factor. However, the preamble of the claim does provide the additional limitations that the process is computer-implemented and textual information is contained in a window in a graphical user interface. These limitations indicate the claimed process is used in a graphical user interface environment. Where the preamble only states the purpose or the field of use of an invention, the preamble does not limit the scope of the claim. Such a limitation does not give "life, meaning and vitality to the claim." (*See MPEP 2111.02.)* Therefore, the limitations in the preamble do not limit the claim and there are no additional limitations beyond the mathematical algorithm. Therefore, the claim does not amount to significantly more than the abstract idea itself *(Step 2B: NO).* The claim is not patent eligible.

A rejection of claim 2 should identify the exception by pointing to the generating and scaling steps and explain that the steps are a mathematical algorithm similar to those found by the courts to be abstract. The rejection should also note that the preamble does not limit the scope of the claim and, therefore, there are no additional limitations in the claim besides the abstract idea.

Claim 3: Ineligible.

The claim is directed to a series of steps for calculating a scaling factor, and thus is a process which is a statutory category of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exceptions. The claim recites the steps of calculating a first area and a second area and using the areas to calculate a scaling factor. As discussed above, these steps describe a mathematical algorithm which has been found by the courts to be an abstract idea. Therefore, the claim is directed to an abstract idea *(Step 2A: YES)*.

The claim is then analyzed to determine whether it is directed to any judicial exceptions. The claim recites that the step of calculating a scaling factor is performed by "the computer" (referencing the computer recited in the preamble). Such a limitation gives "life, meaning and vitality" to the preamble and, therefore, the preamble is construed to further limit the claim. (*See MPEP 2111.02.)* Thus, the claim recites the additional limitations that

the mathematical algorithm is implemented by a computer in a graphical user interface environment. However, the mere recitation of "computer-implemented" is akin to adding the words "apply it" in conjunction with the abstract idea. Such a limitation is not enough to qualify as significantly more. With regards to the graphical user interface limitation, the courts have found that simply limiting the use of the abstract idea to a particular technological environment is not significantly more. *(See, e.g., Flook.*) Even though the disclosed invention may improve computer technology, the claimed invention provides no meaningful limitations such that this improvement is realized. Therefore, the claim does not amount to significantly more than the abstract idea itself *(Step 2B: NO).* The claim is not patent eligible.

A rejection of claim 3 should identify the exception by pointing to the generating and scaling steps and explain that the steps are a mathematical algorithm similar to those found by the courts to be abstract. The rejection should also note that the preamble is limiting on the scope of the claim, but the additional limitations do not amount to significantly more because they merely require the abstract idea to be performed by a computer and in a particular technological environment.

<u>Claim 4: Eligible.</u>

As discussed above, the claim recites a series of acts and thus is a process *(Step 1: YES).*

Next, the claim is evaluated to determine if the claim is directed to a judicial exception. The claim recites similar steps to those recited in claim 2; notably calculating a first measure of the area of a first window and a second measure of the area of the unobstructed portion of the first window and calculating a scaling factor that is proportional to the difference between the first and second measure. As explained with regards to claim 2, the courts have previously found mathematical algorithms to be abstract ideas. Therefore, the claim is directed to an abstract idea *(Step 2A: YES).*

The claim must be analyzed to determine if the claim recites additional limitations that amount to significantly more than the abstract idea. The claim recites the additional limitations of a computer screen and processor. The recitation of the computer screen for displaying and the processor for moving data is not enough by itself to transform the exception into a patentable invention, because these limitations are generic computer components performing generic computer functions at a high level of generality. Merely using these generic computer components to perform the identified basic functions does not constitute meaningful limitations that would amount to significantly more than the abstract idea.

However, when viewing these computer limitations as an ordered combination with the remaining limitations, the claim amounts to significantly more than the abstract idea. The claim further recites the limitations of displaying a first and second window, detecting an overlap condition indicating the windows overlap such that textual information in the first window is obscured from view, determining the textual information is too large to fit in an unobstructed portion of the first window, scaling the textual information based upon the calculated scale factor, automatically relocating the scaled textual information to an unobstructed portion of the first window so that it is viewable by the user, and automatically returning the textual information to its original format when the overlap

condition no longer exists. These limitations are not merely attempting to limit the mathematical algorithm to a particular technological environment. Instead, these claim limitations recite a specific application of the mathematical algorithm that improves the functioning of the basic display function of the computer itself. As discussed above, the scaling and relocating the textual information in overlapping windows improves the ability of the computer to display information and interact with the user.

Taking all the claim elements both individually and as an ordered combination, the claim as a whole amounts to significantly more than the mathematical algorithm of calculating a scaling factor *(Step 2B: YES)*. Thus, the claim recites patent eligible subject matter.

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance indicating that the claim recites a mathematical algorithm which is an abstract idea. However, the claim is eligible because it recites additional limitations that when considered as an ordered combination demonstrate an improvement to the computer's basic ability to display information and interact with the user.

24. Updating Alarm Limits

The following claim was held ineligible by the Supreme Court in Parker v. Flook, 437 U.S. 584 (1978) (Flook). The claim is directed to an abstract idea, and has additional elements that do not amount to significantly more than the abstract idea. This exemplary analysis illustrates a rejection of the claim using the 2014 IEG analysis.

Background

Applicant has invented a method for updating alarm limits using mathematical formulae. An "alarm limit" is a number. During catalytic conversion processes, operating conditions such as temperature, pressure, and flow rates are constantly monitored. When any of these "process variables" exceeds a predetermined alarm limit, an alarm may signal the presence of an abnormal condition indicating either inefficiency or perhaps danger. At certain points in the catalytic conversion processes, it may be necessary to update the alarm limits periodically.

Applicant's patent application describes a method of updating alarm limits consisting of three steps that are known in the art: an initial step which merely measures the present value of the process variable (*e.g.*, the temperature); an intermediate step which calculates an updated alarm-limit value; and a final step in which the actual alarm limit is adjusted to the updated value. Applicant also describes mathematical formulae used to calculate the updated alarm-limit value in the second step, which were discovered by applicant and are expressed as

> $B_1 = B_0(1.0-F) + PVL(F)$, where B_1 is the new alarm base, B_0 is the current alarm base, F is a weighting factor greater than zero and less than 1.0, and PVL is the present value of a process variable (*e.g.*, temperature); and
>
> $UAV = B_1 + K$, where UAV is the updated alarm limit, and K is a predetermined alarm offset that represents a margin of safety.

Using the formulae, an operator can calculate an updated alarm limit once he knows the original alarm base, the appropriate margin of safety, the time interval that should elapse between each updating, the current temperature (or other process variable), and the appropriate weighting factor to be used to average the original alarm base and the current temperature. The formulae for updating alarm limits are used in a catalytic conversion processing system; however, applicant's specification contains no disclosure relating to that system, such as the chemical processes at work, the monitoring of process conditions, the determination of variables in the formulae from process conditions, or the means of setting off an alarm or adjusting an alarm system. Applicant's specification makes it clear that the method is implemented on a computer for automatic adjustment of alarm settings.

Claim

1. A method for updating the value of at least one alarm limit on at least one process variable involved in a process comprising the catalytic chemical conversion of hydrocarbons wherein said alarm limit has a current value of B_0+K wherein B_0 is the current alarm base and K is a predetermined alarm offset which comprises:

(1) Determining the present value of said process variable, said present value being defined as PVL;

(2) Determining a new alarm base B_1, using the following equation:

$B_1 = B_0(1.0-F) + PVL(F)$

where F is a predetermined number greater than zero and less than 1.0;

(3) Determining an updated alarm limit which is defined as B_1+K; and thereafter

(4) Adjusting said alarm limit to said updated alarm limit value.

Analysis

Claim 1: Ineligible.

The claim is analyzed for eligibility in accordance with its broadest reasonable interpretation, which here covers performance of the method by hand or by a computer.

The claim recites a series of acts including determining the value of a process variable, calculating a new alarm base and an updated alarm limit, and adjusting the alarm limit to the updated alarm limit value. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exception. The claim recites a formula for updating alarm limits that comprises the limitations of calculating the alarm base using the mathematical formula $B_1 = B_0(1.0-F) + PVL(F)$, and then calculating the updated alarm limit (UAV) using the mathematical formula $UAV=B_1+K$. These limitations set forth a judicial exception, because mathematical relationships have been characterized by the courts as abstract ideas (*e.g.,* the mathematical formula in

Mackay Radio). It should be noted that in this case, the formula is novel, yet is an abstract idea. Thus, the claim is directed to an exception (*Step 2A: YES*).

Next, the claim as a whole is analyzed to determine whether any element, or combination of elements, is sufficient to ensure that the claim amounts to significantly more than the exception. The claim recites additional elements/steps of determining the value of an unspecified process variable involved in catalytic chemical conversion of hydrocarbons and adjusting the alarm limit to the calculated updated alarm limit value. The preamble specifies the field of use, which is catalytic conversion of hydrocarbons, but in this case imposes no limits on the process of calculating an alarm limit value using the specified equation.

Taken alone, none of the additional elements amounts to significantly more than the exception. Determining the value of an unspecified process variable is mere data gathering and the claimed adjusting the alarm limit to an updated limit is mere post-solution activity that could be attached to almost any formula. By failing to explain how the process variable is selected, integrate the formula into any specified chemical processes at work in the catalytic conversion, or specify the means of setting off an alarm or adjusting the alarm limit, the claim fails to improve the recited technological field. The steps merely calculate a result using a novel equation and do not add any meaningful limits on use of the equation. Taken alone or as an ordered combination, these additional elements do not amount to a claim as a whole that is significantly more than the exception. (*Step 2B: NO*). The claim is not eligible.

For purposes of discussion, it is noted that if the broadest reasonable interpretation of this claim were limited to a computer implementation, adding a generic computer to perform generic functions that are well-understood, routine and conventional, such as gathering data, performing calculations, and outputting a result would not transform the claim into eligible subject matter. Generic computer-implementation of the method is not a meaningful limitation that alone can amount to significantly more than the exception. Moreover, when viewed as a whole with such additional elements considered as an ordered combination, the claim modified by adding a generic computer would be nothing more than a purely conventional computerized implementation of applicant's formula in the general field of industrial chemical processing and would not provide significantly more than the judicial exception itself.

A rejection of claim 1 should identify the exception by pointing to the formula in the claim and explain that the formula is a mathematical relationship similar to those found by the courts to be abstract. The rejection should also identify the additional elements in the claim and explain why they do not amount to significantly more, in this case, because they merely add data gathering and a field of use.

25. Rubber Manufacturing

The following illustrates an exemplary analysis using the 2014 IEG for actual and hypothetical claims modeled after the technology in Diamond v. Diehr, 450 U.S. 175 (1981) (Diehr). As the claims in this example are eligible, no written analysis would be provided in an Office action. The application at issue was granted as U.S. Patent No. 4,344,142. Actual claim

1 recites a method that is directed to a mathematical relationship and steps that could be performed mentally and has additional elements/steps that amount to significantly more than the abstract ideas because as a whole they transform a particular article to a different state or thing and use the abstract ideas to improve another technology/technical field, either of which can show eligibility. Claim 2 is a hypothetical claim in the form of computerized instructions. Claim 2, which also is directed to the mathematical relationship and steps that could be performed mentally, is eligible due to the additional elements/steps that use the abstract ideas to improve another technology/technical field.

Background

Applicant has invented a process of controlling a rubber molding press with a computer to precisely shape uncured material under heat and pressure and then cure the synthetic rubber in the mold to obtain a product that retains its shape. Raw (uncured) synthetic rubber comprises independent polymeric chains, *e.g.,* a mixture of isobutylene and isoprene polymers. Curing cross-links the polymeric chains together, thereby changing the rubber from its raw state into a more durable form that will retain a molded shape. Proper curing depends upon several factors including the thickness of the article to be molded, the temperature of the molding process, and the amount of time that the article is allowed to remain in the press.

At the time of applicant's invention, the usual way of operating rubber-molding presses is for the operator to load and close the press manually. Closure of the press operates a timer that is preset for an estimated cure time. Due to the manual operation, the actual mold temperature may vary, and result in overcured or undercured rubber because the preset time is not equivalent to the actual time required for proper curing.

In the instant application, applicant's process improves upon conventional molding processes by constantly measuring the actual temperature inside the mold using a thermocouple, and automatically feeding these temperature measurements into a standard digital computer that repeatedly recalculates the cure time by use of the Arrhenius equation. The Arrhenius equation has long been used to calculate the cure time in rubber-molding processes, and can be expressed as $\ln v = CZ+x$, where ln is natural logarithm conversion data, v is the total required cure time, C is the activation energy constant unique to each batch of said compound being molded, Z is the temperature of the mold, and x is a constant dependent upon the geometry of the particular mold of the press. When the recalculated time equals the actual time that has elapsed since the press was closed, the computer signals a device to open the press. Applicant's process obtains uniformly accurate cures, which results in substantially reducing the number of defectively cured batches that must be discarded. The improved process also substantially reduces the amount of time in which the presses are closed unnecessarily, thereby resulting in more efficient employment of the mold and operator.

Claims

1. A method of operating a rubber-molding press for precision molded compounds with the aid of a digital computer, comprising:

providing said computer with a data base for said press including at least, natural logarithm conversion data (ln), the activation energy constant (C) unique to each batch of

said compound being molded, and a constant (x) dependent upon the geometry of the particular mold of the press,

initiating an interval timer in said computer upon the closure of the press for monitoring the elapsed time of said closure,

constantly determining the temperature (Z) of the mold at a location closely adjacent to the mold cavity in the press during molding,

constantly providing the computer with the temperature (Z),

repetitively calculating in the computer, at frequent intervals during each cure, the Arrhenius equation for reaction time during the cure, which is $\ln v = CZ+x$, where v is the total required cure time,

repetitively comparing in the computer at said frequent intervals during the cure each said calculation of the total required cure time calculated with the Arrhenius equation and said elapsed time, and

opening the press automatically when a said comparison indicates equivalence.

2. A non-transitory computer readable medium with computer executable instructions stored thereon executed by a processor to perform the method of controlling a rubber-molding press having a mold with a cavity for precision molded compounds, the method comprising:

accessing a data base in the computer including at least, natural logarithm conversion data (ln), the activation energy constant (C) unique to each batch of said compound being molded, and a constant (x) dependent upon the geometry of the particular mold of the press,

initiating an interval timer in the computer upon the closure of the press for monitoring the elapsed time of the closure,

constantly receiving data relating to the temperature (Z) of the mold at a location closely adjacent to the mold cavity in the press during molding,

repetitively calculating in the computer, at frequent intervals during each cure, the Arrhenius equation for reaction time during the cure, which is $\ln v = CZ + x$ where v is the total required cure time,

repetitively comparing in the computer at the frequent intervals during the cure each calculation of the total required cure time calculated with the Arrhenius equation and the elapsed time, and

initiating a signal that controls the press to open when the comparison indicates equivalence, meaning that the molded product is cured.

Analysis

Claim 1: Eligible.

The claim recites a series of acts including determining the temperature of the mold and providing that temperature to the computer. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES*).

The claim is then analyzed to determine whether it is directed to any judicial exception. The claim recites a limitation of repetitively calculating the Arrhenius equation (the mathematical formula: ln v = CZ+x) for reaction time during the cure. This limitation sets forth a judicial exception, because calculating the reaction time using the Arrhenius equation is a mathematical relationship that the courts have held is representative of a law of nature (*e.g.*, the mathematical formula in *Flook*). Mathematical relationships such as this have also been characterized by the courts as abstract ideas. Additionally, the claim limitations of performing repetitive calculations and comparisons between the calculated time and the elapsed time could be performed by a human using mental steps or basic critical thinking, which are types of activities that have also been found by the courts to represent abstract ideas (*e.g.*, the mental comparison in *Ambry Genetics*). Thus, the claim is directed to at least one exception (*Step 2A: YES*).

Next, the claim as a whole is analyzed to determine whether any additional element, or combination of elements, is sufficient to ensure that the claim amounts to significantly more than the exceptions (the mathematical relationship and the critical thinking steps of calculating and comparing). Since there are multiple abstract ideas recited in the claim, the Step 2B analysis needs to be conducted for each abstract idea individually, until the analysis shows ineligibility for one or eligibility for all.

The Step 2B analysis is first conducted for the mathematical relationship. Besides the mathematical relationship, the claim recites additional elements of providing a digital computer with a data base of values, initiating an interval timer, constantly determining the temperature of the mold, constantly providing the computer with the temperature, using the computer to perform the calculations and comparisons, and opening the press automatically when the comparison indicates equivalence. Some of the additional elements/steps, such as accessing a database and using a computer to perform calculations and comparisons, are routine computer activities or generic functions performed by a computer that taken alone do not add significantly more to the process instructions in the claim. By themselves, these limitations are recited at a high level of generality and perform the basic functions of a computer that are well-understood, routine and conventional (*e.g.*, accessing a data base to receive and store data, and performing mathematical operations on a computer). Likewise, initiating a timer and determining a temperature, taken alone, are mere data gathering steps to obtain data necessary to calculate the time using the Arrhenius equation.

However, when viewing the claim as a whole, the combination of all these steps taken together, including the constant determination of the temperature of the mold, the repetitive calculations and comparisons, and the opening of the press based on the calculations, amount to significantly more than simply calculating the mold time using the Arrhenius equation because they add meaningful limits on use of the equation. The claim

does not merely recite the equation in isolation, but integrates these ideas into the molding process. The additional steps specifically relate to the particular variables used, how the variables are gathered, the process by which the rubber is molded and cured, and how the result of the cure time calculation is used. The totality of the steps act in concert to improve another technical field, specifically the field of precision rubber molding, by controlling the operation of the mold. In addition, the claimed steps taken as a combination effect a transformation of the raw, uncured synthetic rubber into a different state or thing, *i.e.*, a cured and molded rubber product. Thus, the claim amounts to significantly more than the mathematical relationship (*i.e.*, the abstract idea of the Arrhenius equation).

Because the claim is eligible with respect to the first abstract idea, it is expected that the additional limitations will amount to significantly more than the second abstract idea (the critical thinking steps of calculating and comparing). This is true in this example. The additional limitations discussed above are significantly more than the critical thinking skills of calculating and comparing results. As previously stated, evaluating the additional limitations both individually and as an ordered combination demonstrates that the claim improves the technical field of precision rubber molding and transforms the raw, uncured synthetic rubber into a different state or thing. Taking all the claim elements both individually and as an ordered combination, the claim as a whole amounts to significantly more than the abstract ideas (*Step 2B: YES*). The claim recites patent eligible subject matter.

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance indicating that the claim recites exceptions including the Arrhenius equation, which is a law of nature or abstract idea. However, the claim is eligible because it recites additional limitations that when considered as an ordered combination provide meaningful limits on the use of the equation and improve the technical field of precision rubber molding.

<u>Claim 2: Eligible.</u>

The claim recites a non-transitory computer-readable medium with stored instructions that are used to control a rubber molding press. The claim is directed to a manufacture (an article produced from materials), which is a statutory category of invention (*Step 1: YES*). Note that the term "non-transitory" ensures the claim does not encompass signals and other non-statutory transitory forms of signal transmission.

The claim recites the same steps of performing repetitive calculations of the reaction time using the Arrhenius equation and comparing the results as claim 1, albeit in the form of computer executable instructions. Therefore, the claim is directed to the same abstract ideas identified in claim 1 (*Step 2A: YES*).

Conducting the Step 2B analysis for the first abstract idea (the Arrhenius equation), the claim recites additional elements including computer instructions to access a database, initiate an interval timer, constantly receive data, and initiate a signal to control the press. The steps also include computer instructions to implement the equation. While some of the elements taken alone are well-understood, routine and conventional use of a computer, or mere data gathering, the combination of the additional elements when the claim is viewed as a whole amounts to significantly more than simply calculating the mold time using the

Arrhenius equation. The totality of the steps governed by the claimed instructions provides software that improves another technical field, specifically the field of precision rubber molding, through controlling the operation of the mold by initiating a signal to control the press to open when the comparison indicates equivalence and the molded product is cured. This software enhances the ability of a specific rubber molding device to open the press at the optimal time for curing the rubber therein. This process does not merely link the Arrhenius equation to a technical field, but adds meaningful limitations on the use of the mathematical relationship by specifying the types of variables used (temperature and time), how they are selected (their relationship to the reaction time), how the process uses the variables in rubber molding, and how the result is employed to improve the operation of the press. For at least these reasons, the elements/steps recited in addition to the mathematical formula, particularly taken in combination, show that claim 2 is not directed to instructions to use the formula in isolation, but rather integrate the concept into an eligible control scheme to improve another technological process.

Similarly, the claim recites additional limitations that when viewed as an ordered combination amount to significantly more than the second abstract idea (the critical thinking steps of calculating and comparing the timing data). As already discussed, these additional limitations demonstrate an improvement in the field of precision rubber molding technology and amount to more than simple instructions to perform the calculating/comparing steps in isolation. Thus, the claim amounts to significantly more than the judicial exceptions (*Step 2B: YES*). The claim recites patent eligible subject matter.

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance indicating that the claim recites exceptions including the Arrhenius equation, which is a law of nature or abstract idea. However, the claim is eligible because it recites additional limitations that when considered as an ordered combination provide meaningful limits on the use of the equation and improve the technical field of precision rubber molding.

26. Internal Combustion Engine

This hypothetical example demonstrates the use of the streamlined analysis. The claim below is based on the technology from U.S. Pat. 5,533,489. As a streamlined analysis would not result in a written rejection, the discussion sets forth exemplary reasoning an examiner might use in drawing a conclusion of eligibility.

<u>Background</u>

Nitrogen oxides are constituents of exhaust gas that are produced during the operation of an internal combustion engine. It is generally understood that nitrogen oxides are harmful to our atmosphere and cause air pollution. The amount of nitrogen oxides produced in the exhaust gas is relative to the temperature that the fuel and air mixture burns in the engine. Therefore, exhaust gas recirculation (EGR) has been developed to recirculate the exhaust gas back to the air intake, which reduces the amount of oxygen in the combustion mixture and causes it to burn at a lower temperature, thereby reducing the amount of nitrogen oxides produced. However, as the amount of EGR increases there may be a resulting decline in engine performance (*e.g.*, a decrease in power output).

The invention is an internal combustion engine that solves this problem by automatically modifying the amount of EGR based upon current engine operations. In particular, the inventor has discovered that engine performance can be optimized by turning off the EGR during acceleration, which permits the engine to operate at maximum power output while retaining the reduction in nitrogen oxides. Therefore, the invention uses a control system to control the opening and closing of an exhaust gas recirculation valve based upon a rate of change of the engine throttle, in order to modify the amount of EGR.

Claim

1. An internal combustion engine providing exhaust gas recirculation comprising:

an air intake manifold;

an exhaust manifold;

a combustion chamber to receive air from the air intake manifold, combust a combination of the received air and fuel to turn a drive shaft, and output resulting exhaust gas to the exhaust manifold;

a throttle position sensor to detect the position of an engine throttle;

an exhaust gas recirculation valve to regulate the flow of exhaust gas from the exhaust manifold to the air intake manifold; and

a control system, comprising a processor and memory, to receive the engine throttle position from the throttle position sensor, calculate a position of the exhaust gas recirculation valve based upon the rate of change of the engine throttle position and change the position of the exhaust gas recirculation valve to the calculated position.

Analysis

Claim 1: Eligible.

The claim recites an internal combustion engine with an intake manifold, exhaust manifold, combustion chamber, throttle position sensor, exhaust gas recirculation valve and a control system comprising a processor and memory. Thus, the claim is directed to a machine (a combination of mechanical parts), which is one of the statutory categories of invention (*Step 1: YES*).

Next, the claim must be evaluated to determine if the claim is directed to a law of nature, natural phenomenon or abstract idea. But when the claim is reviewed, it is immediately evident that although the claim operates by calculating the rate of change, which is a mathematical relationship describing how a variable changes over a specific period of time, the claim clearly does not seek to tie up this mathematical relationship so that others cannot practice it. In particular, the claim's description of an internal combustion engine having manifolds, valves, and sensors forming a specific structure that uses the control system to optimize exhaust gas recirculation makes it clear that the claim as a whole would clearly amount to significantly more than any recited exception. The claim as a whole adds meaningful limitations to the use of the mathematical relationship. Additionally, use of the mathematical relationship improves engine technology. Thus, eligibility of the claim is self-

evident, and there is no need to perform the full eligibility analysis (*e.g.*, Steps 2A and 2B). The claim is patent eligible.

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance indicating that while the claim may recite a mathematical relationship, the claim clearly amounts to significantly more than the rate of change by providing meaningful limitations to the mathematical relationship and improving engine technology.

27. System Software - BIOS

This example demonstrates the use of the streamlined analysis. The claim below is taken from U.S. Pat. 5,230,052 and was suggested as an example by comments received in response to the June 2014 Preliminary Examination Instructions. As a streamlined analysis would not result in a written rejection, the discussion sets forth exemplary reasoning an examiner might use in drawing a conclusion of eligibility.

Background

BIOS is an acronym that stands for Basic Input/Output System. When a computer is powered on, BIOS code runs to initialize and test the hardware components. BIOS also acts as an insulation layer between the hardware and software of a computer, by providing an interface between the application program/operating system and the hardware devices. At the time of the invention, conventional computers stored BIOS code in non-volatile read only memory (ROM) on the computer's motherboard. However, as computers have grown more sophisticated, two disadvantages have arisen. First, the size of the BIOS code has increased such that it exceeds the memory space in ROM. Second, storing BIOS code in ROM also makes it difficult to modify or rewrite the code as new input/output devices are added.

In order to overcome these disadvantages, the inventors utilize a local area network (LAN) to store the BIOS code remotely from the computer. Upon startup, a computer connected to the LAN loads code to initialize and test only those system components and functions necessary to load the BIOS from a remote computer. Subsequently, the computer requests a remote memory location, which is also connected to the LAN, for the BIOS code. In response to the request, the remote system builds the appropriate BIOS for that computer including a master boot record and transmits the BIOS to the local computer system. The local computer system stores the received BIOS code in random access memory (RAM), and uses the master boot record to load and execute the BIOS.

Claim

15. A method for loading BIOS into a local computer system which has a system processor and volatile memory and non-volatile memory, the method comprising the steps of:

(a) responding to powering up of the local computer system by requesting from a memory location remote from the local computer system the transfer to and storage in the

volatile memory of the local computer system of BIOS configured for effective use of the local computer system,

(b) transferring and storing such BIOS, and

(c) transferring control of the local computer system to such BIOS.

Analysis

Claim 15: Eligible.

The claim recites a series of steps for loading BIOS on a local computer system from a remote storage location. Thus, the claim is directed to a process, which is one of the statutory categories of invention (*Step 1: YES*).

Next, the claim must be evaluated to determine if the claim is directed to a law of nature, natural phenomenon or abstract idea. But when the claim is reviewed, it is immediately evident that even if the claim did recite a judicial exception, the claim is not attempting to tie up any such exception so that others cannot practice it. In particular, the claim's description of initializing a local computer system using BIOS code stored at a remote memory location, by triggering the processor to transfer BIOS code between two memory locations upon a powering up of the computer and transferring control of the processor operations to that BIOS code, makes it clear that the claim as a whole would clearly amount to significantly more than any potential recited exception. Thus, eligibility of the claim is self-evident in the streamlined analysis, without needing to perform the full eligibility analysis (*e.g.*, Steps 2A and 2B). The claim is patent eligible.

It is important to point out as well that there is no apparent exception recited in the claim, which alone would be sufficient for eligibility. While computers operate on mathematical theory, that underlying operation should not trigger an eligibility analysis – computers and computer operations are not automatically subjected to an eligibility analysis. The cases in which courts find mathematical relationships to represent abstract ideas (thus raising eligibility issues) are those in which the mathematical relationship is recited in the claim as part of the invention, such as a method of performing a mathematical calculation to obtain a result. Courts have found computers and computer implemented processes to be ineligible when generic computer functions are merely used to implement an abstract idea, such as an idea that could be done by human analog (*i.e.*, by hand or by merely thinking).

If the examiner believes that the record would benefit from clarification, remarks could be added to an Office action or reasons for allowance, indicating that the claim is not directed to any judicial exception.

July 2015 Update Appendix 2: Index of Eligibility Examples

The table in this appendix provides a comprehensive index of examples for use with the *2014 Interim Guidance on Subject Matter Eligibility*. The source documents for the listed examples include:

- *Examples: Abstract Ideas* (AI), which were issued on January 27, 2015;
- *Examples: Nature-Based Products* (NBP), which were issued December 16, 2014;
- *Computer Based Training & CBT Slides* (CBT), which were posted March 6, 2015; and
- *July 2015 Update Appendix 1: Examples* (July 2015 Update), which are newly issued.

All of these documents, along with the guidance, examiner training materials, and the public comments, are available on USPTO.GOV at the *2014 Interim Guidance on Subject Matter Eligibility* webpage.

For ease of reference, all examples have been consecutively numbered in the table, and future examples will follow this same numbering scheme. However, because some of the source documents used different numbering schemes, the "Source Document" column in the table indicates not only the source document for each example, but also the number that was used in that source document to identify the example. For instance, example AI-2 (Composite web page) appears in the *Examples: Abstract Ideas* source document as Example 2.

The columns that are titled with reference to Step 1, Step 2A, and Step 2B are intended to provide a brief guide to the concepts illustrated by each example, so that examiners and the public may quickly locate example(s) pertinent to a particular situation. Accordingly, these columns indicate for each example the relevant statutory categories, judicial exceptions, characteristics discussed in the MDC analysis, and considerations evaluated in the significantly more inquiry.

July 2015 Update Appendix 2: Index of Eligibility Examples

Ex. #	Source	Title	Step 1: Statutory Category	Step 2A: Exception	Step 2A: MDC Analysis	Step 2B: Significantly More Considerations
1	AI-1	Removing Malicious Code From Email Messages	Process, CRM (Manufacture)	None	n/a	n/a
2	AI-2	Composite Web Page	System (Machine or Manufacture)	None	n/a	n/a
3	AI-3	Digital Image Processing	Process, CRM, System	Abstract Idea	n/a	Improving computer, improving another technology, other meaningful limitations, limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions)
4	AI-4	Global Positioning System	System, Process	Abstract Idea	n/a	Improving another technology, other meaningful limitations, limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions)
5	AI-5	Digital Image Processing	Process	Abstract Idea	n/a	None (no additional elements)
6	AI-6	Game of Bingo	System	Abstract Idea	n/a	Mere instructions to "apply it", limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions), insignificant extrasolution activity
7	AI-7	E-Commerce With Transaction Performance Guaranty	Process	Abstract Idea	n/a	Limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions)
8	AI-8	Distribution Of Products Over The Internet	Process	Abstract Idea	n/a	Limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions), insignificant extrasolution activity, field of use
9	NBP-1	Gunpowder & Fireworks	Composition, Manufacture	Product of Nature	Chem/phys property	n/a
10	NBP-2	Pomelo Juice	Process, Composition	Product of Nature	Chem/phys property	n/a
11	NBP-3	Amazonic Acid, Pharm. Compositions, & Methods of Treatment	Composition, Process	Product of Nature	Function/activity, chem/phys property, structure or form	n/a
12	NBP-4	Purified Proteins	Composition	Product of Nature	Function/activity, chem/phys property, structure or form	n/a
13	NBP-5	Genetically Modified Bacterium	Composition, Manufacture	Product of Nature	Function/activity, structure or form	n/a
14	NBP-6	Bacterial Mixtures	Composition	Product of Nature	Function/activity	n/a

July 2015 Update Appendix 2: Index of Eligibility Examples

Ex. #	Source	Title	Step 1: Statutory Category	Step 2A: Exception	Step 2A: MDC Analysis	Step 2B: Significantly More Considerations
15	NBP-7	Nucleic Acids	Composition	Product of Nature	Function/activity, structure or form	n/a
16	NBP-8	Antibodies	Composition	Product of Nature	Function/activity, structure or form	n/a
17	NBP-9	Cells	Composition	Product of Nature	Function/activity, phenotype	Improving another technology, limitation that is not well-understood, routine, and conventional, mere instructions to "apply it", limitation that is well-understood, routine, and conventional
18	NBP-10	Food	Composition	Product of Nature	Function/activity	n/a
19	CBT-1	Hip Prosthesis	Manufacture	Streamlined (Product of Nature)		
20	CBT-2	Robotic Arm Assembly	System	Streamlined (Particular Machine)		
21	July 2015 Update	Transmission Of Stock Quote Data	Process	Abstract Idea	n/a	Limitation that is not well-understood, routine, and conventional, other meaningful limitations, limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions), field of use
22	July 2015 Update	Graphical User Interface For Meal Planning	System	Abstract Idea	n/a	Limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions)
23	July 2015 Update	Graphical User Interface For Relocating Obscured Textual Information	Process	Abstract Idea	n/a	Improving computer, limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions), mere instructions to "apply it", field of use
24	July 2015 Update	Updating Alarm Limits	Process	Abstract Idea	n/a	Limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions), insignificant extrasolution activity, field of use
25	July 2015 Update	Rubber Manufacturing	Process, CRM	Abstract Idea	n/a	Improving another technology, transformation, other meaningful limitations, limitation that is well-understood, routine, and conventional (generic computer performing generic computer functions), insignificant extrasolution activity
26	July 2015 Update	Internal Combustion Engine	Machine or Manufacture	Streamlined (Particular Machine)		
27	July 2015 Update	System Software - BIOS	Process	Streamlined (No Exception)		

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

The tables in this appendix provide further information on selected eligibility cases from the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit. Examiners may find this information useful in identifying those applications that may require a detailed eligibility analysis during examination. Future decisions will be added to this chart as they become available. It should be noted that the courts' analyses in these decisions do not necessarily employ the *Alice Corp.-Mayo* eligibility framework, which is explained in the *2014 Interim Guidance on Subject Matter Eligibility* (2014 IEG), because most of the cases were decided prior to *Alice Corp*.

For each case (arranged by court and in reverse chronological order), the tables provide the following information:

(1) a legal citation and, if available, a link to the entire court opinion (if no link is available, a parallel citation to the U.S.P.Q reporter is also provided),

(2) the U.S. patent number(s) or application number(s) at issue,

(3) the subject matter of the patent/application,

(4) whether the claims were eligible or ineligible (note that a finding applies to all claims in the patent/application unless otherwise noted),

(5) the USPC/CPC classification, and

(6) a notation of where the case is discussed (if applicable) in the 2014 IEG and/or the eligibility examples. An index to the eligibility examples is provided in Appendix 2.

It is important to remember that each case turns on its own facts. Therefore, the mere fact that a pending application may be similarly classified to a patent or an application in this chart, or have similar subject matter, does not necessarily indicate an eligibility issue. Identification of a judicial exception in a claim merely indicates further analysis for eligibility should be conducted.

NOTE: This appendix is an updated version of the case summary chart that was used in conjunction with the Abstract Idea Workshop Training. Legal citations and more decisions have been added since the training.

Supreme Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 573 U.S. __, 134 S. Ct. 2347 (2014).	5,970,479 6,912,510 7,149,720 7,725,375	Formulation and trading of risk management contracts - *Methods, systems, computer readable media*	**Ineligible** '479: asserted claims 33-34. '510, '720, and '375: all claims.	705/37 G06Q10/06	2014 IEG in Section III
Association for Molecular Pathology v. Myriad Genetics, Inc., 569 U.S. __, 133 S. Ct. 2107 (2013).	5,747,282 5,837,492 5,693,473	Breast and ovarian cancer susceptibility gene - *Products*	**Ineligible** '282: claims 1, 5-6 '473: claim 1 '492: claims 1 & 6 **Eligible** '282: claims 2 & 7 '492: claim 7 (other claims from these patents were addressed in *Myriad* CAFC and *Ambry Genetics*)	435/69.1 C07K14/4703	2014 IEG in Section III
Mayo Collaborative Svcs. v. Prometheus Labs., 566 U.S. __, 132 S. Ct. 1289 (2012).	6,355,623 6,680,302	Optimizing drug therapeutic efficacy for treatment of immune-mediated gastrointestinal disorders - *Methods*	**Ineligible**	514/45 G01N33/94	2014 IEG in Section III
Bilski v. Kappos, 561 U.S. 593 (2010).	08/833,892	Energy Risk Management Method - *Methods*	**Ineligible**	705/412	2014 IEG in Section IV
Diamond v. Diehr, 450 U.S. 175, 209 U.S.P.Q. 1 (1981)	4,344,142	Direct Digital Control of Rubber Molding Presses - *Methods*	**Eligible**	700/198 B29C35/0288	2014 IEG in Section III, Example 25
Diamond v. Chakrabarty, 447 U.S. 303, 206 U.S.P.Q. 193 (1980).	4,259,444	Microorganism having plasmids and preparation thereof - *Product and methods*	**Eligible**	435/479 C12N15/00	2014 IEG in Section III
Parker v. Flook, 437 U.S. 584, 19 U.S.P.Q. 193 (1978).	05/194,032	Method for updating alarm limits - *Methods*	**Ineligible**	N/A	2014 IEG in Section III, Example 24

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
Gottschalk v. Benson, 409 U.S. 63, 175 U.S.P.Q. 673 (1972).	04/315,050	Conversion of numerical information - *Methods*	**Ineligible**	N/A	2014 IEG in Section IV
Mackay Radio, 306 U.S. 86, 40 USPQ 199 (1939).	1,974,387	Antenna - *Products*	**Eligible** claims 15 and 16	343/809 H01Q11/06	2014 IEG in Section IV

Federal Circuit Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
Retirement Capital Access Management Co., LLC v. U.S. Bancorp, No. 2015-1039, __ Fed. Appx. __ (Fed. Cir. Aug. 7, 2015).*	6,625,582	Converting a portion of future retirement payments to current benefits - *Methods & system*	**Ineligible** Claims 1, 13, 14, 18, 30 & 31	705/35 G06Q 20/10	
In re Karpf, No. 2014-1773, __ Fed. Appx. __ (Fed. Cir. Aug. 7, 2015).*	11/074,053	Increasing patient compliance with medical care instructions - *Computer readable media*	**Ineligible (Step 1)** Claim 28	705/3 G06F 19/322	
Versata Development Group, Inc. v. SAP America, Inc., No. 2014-1194, - F.3d – (Fed. Cir. July 9, 2015).	6,553,350	Pricing products in multi-level product and organizational groups - *Methods, system, and computer readable media*	**Ineligible** Claims 17 & 26-29	705/20 G06Q 20/201	
Intellectual Ventures I LLC v. Capital One Bank (USA), 792 F.3d 1363 (Fed. Cir. 2015).	8,083,137 7,603,382	Administration of financial accounts, and advanced internet interface providing user display access of customized webpages - *Methods and Systems*	**Ineligible** '137: claims 5-11 '382: claims 1-5, 16, 17, & 19-22	235/380 G06Q 20/12 707/999.104 G06F 17/30899;	
In re Webb, No. 2014-1652, __ Fed. Appx. __ (Fed. Cir. Jul. 1, 2015).*	12/429,724	Poker games with varying position advantage - *Methods*	**Ineligible**	273/292 A63F 3/00157	
Internet Patents Corp. v. Active Network, Inc., 790 F.3d 1343 (Fed. Cir. 2015).	7,707,505	Dynamic tabs for a graphical user interface - *Methods, systems, computer readable media*	**Ineligible**	715/738 G06F 17/30893	
Ariosa Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371 (Fed. Cir. 2015).	6,258,540	Non-invasive prenatal diagnosis - *Methods*	**Ineligible** Claims 1, 2, 4, 5, 8, 19-22, 24 & 25	435/6.12 C12Q 1/6879	

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
OIP Technologies, Inc. v. Amazon.com, Inc., 788 F.3d 1359 (Fed. Cir. 2015).	7,970,713	Automatic pricing in electronic commerce - *Methods and computer readable media*	**Ineligible**	705/400 G06Q 30/0211	
Federal Home Loan Mortgage Corp. aka Freddie Mac v. Graff/Ross Holdings LLP, 604 Fed. Appx. 930 (Fed. Cir. 2015).*	7,908,202 7,685,053 6,192,347	Securitizing property into separately valued components - *Methods and Systems*	**Ineligible** All claims in '202 and '053 '347: claims 101 and 102	705/37 G06Q 30/06 705/36R G06Q 30/06	
Dietgoal Innovations LLC v. Bravo Media LLC, 599 Fed. Appx. 956 (Fed. Cir. 2015).*	6,585,516	Computerized meal planning - *Methods and Systems*	**Ineligible**	434/127 G06F 19/3475	Example 22
Gametek LLC v. Zynga Inc., 597 Fed. Appx. 644 (Fed. Cir. 2015).*	7,076,445	Obtaining advantages and transacting the same in a computer gaming environment - *Methods*	**Ineligible**	705/14.12 G06Q30/02	
Fuzzysharp Technologies Inc. v. Intel Corporation, 595 Fed. Appx. 996 (Fed. Cir. 2015).*	6,618,047	Visibility Calculations for 3D Computer Graphics - *Method*	**Ineligible** Claim 67	345/421 G06T15/40	
Content Extraction and Transmission LLC v. Wells Fargo Bank, N.A., 776 F.3d 1343 (Fed. Cir. 2014).	5,768,416 5,258,855 5,369,508 5,625,465	Scanning and Information Processing Methodology - *Methods and machines (interface/system)*	**Ineligible**	382/180 G06K9/2054	
Univ. of Utah Research Found. v Ambry Genetics Corp., 774 F.3d 755 (Fed. Cir. 2014). Also known as *In re BRCA1– and BRCA2–Based Hereditary Cancer Test Patent Litigation.*	5,747,282 5,753,441 5,837,492	Breast and ovarian cancer susceptibility gene - *Methods and products*	**Ineligible** '441: claims 1 & 7-8 '282: claims 16-17 '492: claims 29-30 (See also *Myriad* and *Myriad* CAFC)	435/69.1 C07K14/4703	
DDR Holdings, LLC v. Hotels.com, L.P., 773 F.3d 1245 (Fed. Cir. 2014).	7,818,399	Expanding commercial opportunities for internet websites - *Methods and system*	**Eligible** Claims 1, 3, 19	709/218 G06Q30/06	2014 IEG in Section IV, Example 2

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
Ultramercial, Inc. v. Hulu, LLC, 772 F.3d 709 (Fed. Cir. 2014).	7,346,545	Payment of intellectual property royalties by interposed sponsor over a telecommunications network - *Methods*	**Ineligible**	705/14.73 G06Q30/02	2014 IEG in Section IV, Example 8
buySAFE, Inc. v. Google, Inc., 765 F.3d 1350 (Fed. Cir. 2014).	7,644,019	Safe Transaction Guaranty - *Methods and computer readable media*	**Ineligible** Claims 1, 14, 39 and 44	705/35 G06Q10/10	2014 IEG in Section IV, Example 7
Planet Bingo, LLC v VKGS LLC, 576 Fed. Appx. 1005 (Fed. Cir. 2014).	6,398,646 6,656,045	Storing preselected numbers for use in games of bingo - *Methods and systems*	**Ineligible**	463/19 G07F17/32	2014 IEG in Section IV, Example 6
Digitech Image Techs., LLC v Electronics for Imaging, Inc., 758 F.3d 1344 (Fed. Cir. 2014).	6,128,415	Device profiles for use in a digital image processing system - *Device profile and methods*	**Ineligible** Claims 1-6, 9-15, 26-31	382/276 G06T1/00	2014 IEG in Section IV, Example 5
In re Roslin Institute (Edinburgh), 750 F.3d 1333 (Fed. Cir. 2014).	09/225,233	Cloned mammals produced by somatic cell nuclear transfer - *Product*	**Ineligible** Claims 155-159 and 164	800/015	
Cyberfone Systems, LLC v. CNN Interactive Group, Inc., 558 Fed. Appx. 988 (Fed. Cir. 2014).	8,019,060	Telephone/transaction entry device and system for entering transaction data into database - *Methods and Systems*	**Ineligible**	379/93.01 G06F17/243	2014 IEG in Section IV
SmartGene, Inc. v Advanced Biological Labs., 555 Fed. Appx. 950 (Fed. Cir. 2014).	6,081,786 6,188,988	Systems, methods and computer program products for guiding the selection of therapeutic treatment regimens - *Methods, Systems, Computer Program Products*	**Ineligible**	705/3 G06F19/3443	2014 IEG in Section IV

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
Accenture Global Services, GmbH v. Guidewire Software, 728 F.3d 1336 (Fed. Cir. 2013).	7,013,284	Component based interface to handle tasks during claim processing - *Methods and Systems*	**Ineligible**	705/4 G06Q10/06311	
PerkinElmer Inc. v Intema Ltd., 496 Fed. Appx. 65 (Fed. Cir. 2012).	6,573,103	Antenatal screening for Down's syndrome - *Methods*	**Ineligible**	436/65 G01N33/689	
Association for Molecular Pathology v. USPTO, 689 F.3d 1303 (Fed. Cir. 2012). ("*Myriad* CAFC")	6,033,857 5,753,441 5,747,282 5,710,001 5,709,999	Breast and ovarian cancer susceptibility gene - *Methods* This decision's ruling on product claims from various patents was subsequently affirmed-in-part and reversed-in-part by the Supreme Court. *See Myriad*, *supra*.	**Ineligible** '857: claims 1 & 2 '441: claim 1 '001: claim 1 '999: claim 1 **Eligible** '282: claim 20 (See also *Myriad* & *Ambry Genetics*)	435/69.1 C07K14/4703	
Bancorp Services v. Sun Life, 687 F.3d 1266, 1278 (Fed. Cir. 2012).	5,926,792 7,249,037	System for managing a stable value protected investment plan - *Methods and Computer Readable Media*	**Ineligible** '792: claims 9, 17, 18, 28, and 37 '037: claims 1, 8, 9, 17-21, 27, 28, 37, 42, 49, 52, 60, 63, 66-68, 72-77, 81-83, 87, 88, and 91-95	705/4 G06Q40/00	
Fort Properties, Inc. v. American Master Lease LLC, 671 F.3d 1317 (Fed. Cir. 2012).	6,292,788	Methods and investment instruments for performing tax-deferred real estate exchanges - *Methods*	**Ineligible**	705/36T G06Q30/04	
Dealertrack Inc. v Huber, 674 F.3d 1315 (Fed. Cir. 2012).	7,181,427	Automated credit application system - *Methods*	**Ineligible** Claims 1, 3, and 4	705/38 G06Q20/10	2014 IEG in Section IV

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
Classen Immunotherapies Inc. v. Biogen IDEC, 659 F.3d 1057 (Fed. Cir. 2011).	6,638,739 6,420,139 5,723,283	Method and composition for an early vaccine to protect against both common infectious diseases and chronic immune mediated disorders - *Methods*	**Eligible** All claims in '739 and '139 **Ineligible** All claims in '283	435/69.3 A61K39/295	
Cybersource Corp. v. Retail Decisions, Inc., 654 F.3d 1366 (Fed. Cir. 2011).	6,029,154	Method and System for Detecting Fraud in a Credit Card Transaction over the Internet - *Computer Readable Media and Method*	**Ineligible** Claims 2-3	705/44 G06Q20/027	
Research Corporation Technologies Inc. v. Microsoft Corp., 627 F.3d 859 (Fed. Cir. 2010).	5,111,310 5,341,228	Method and Apparatus for Halftone Rendering of a Gray Scale Image Using a Blue Noise Mask - *Methods*	**Eligible** '310: Claims 1-2 '228: Claim 11	358/3.19 358/534 G06T3/40	2014 IEG in Section IV, Example 3
SiRF Tech. Inc. v. Int'l Trade Commission, 601 F.3d 1319 (Fed. Cir. 2010).	6,417,801 6,937,187	Processing of GPS Signals - *Methods*	**Eligible** '801: Claims 1, 2, 11 '187: Claim 1	342/357.62 G01S5/0018	2014 IEG in Section IV, Example 4
In re Ferguson, 558 F.3d 1359 (Fed. Cir. 2009).	09/387,823	New Paradigm for Bringing New Products to Market - *Methods and "paradigm"*	**Ineligible**	705/14	
In re Comiskey, 554 F.3d 967 (Fed. Cir. 2009).	09/461,742	Method and System for Mandatory Arbitration - *Methods and System*	**Ineligible** Claims 1-14, 16, 32-43, and 45 (remanded for consideration of eligibility of other claims; application currently pending with amended claims)	705/1	
In re Grams, 888 F.2d 835, 12 U.S.P.Q.2d 1824 (Fed. Cir. 1989).	06/625,247	Method of Diagnosing an Abnormal Condition in an Individual - *Methods*	**Ineligible**	436/501	

July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions

Case Name & Citation	Patent(s) or App. No(s).	Title or General Subject Matter	Judicial Conclusion	Classification (USPC & CPC)	Where Discussed
In re Meyer, 688 F.2d 789, 215 U.S.P.Q. 193 (CCPA 1982).	05/465,574	Process and Apparatus for Identifying Locations of Probable Malfunctions - *Methods and System*	**Ineligible**	N/A	
In re Abele, 684 F.2d 902, 214 U.S.P.Q. 682 (CCPA 1982).	4,433,380 04/850,892	Tomographic Scanner - *Methods and System*	**Ineligible** Claims 5 and 7 of '892 application (not patent claims) **Eligible** Claims 6 and 33-47 of '892 application (note claim 6 is renumbered as claim 1 in '380 patent)	382/131 A61B6/032	
In re Maucorps, 609 F.2d 481, 203 U.S.P.Q. 812 (CCPA 1979).	05/536,839	Computer Systems for Optimizing Sales Organizations and Activities - *System*	**Ineligible**	N/A	

* These cases were decided under Federal Circuit Rule 36, which provides for a judgment of affirmance without opinion.

July 2015 Update: Interim Eligibility Guidance
Quick Reference Sheet

This quick reference sheet provides a summary of the July 2015 Update: Subject Matter Eligibility (July 2015 Update). The July 2015 Update provides additional examples and further explanation responding to six major themes from the public comments on the 2014 Interim Guidance on Patent Subject Matter Eligibility (2014 IEG). Highlights of the update are summarized below.

***Prima Facie* Case**. As explained in Section IV of the July 2015 Update, a *prima facie* case of eligibility requires the examiner to explain why a claim or claims are unpatentable clearly and specifically, so that applicant has sufficient notice and is able to effectively respond. For subject matter eligibility, the examiner's burden is met by clearly articulating the reason(s) why the claimed invention is not eligible, for example by providing a reasoned rationale that identifies the judicial exception recited in the claim and why it is considered an exception, and that identifies the additional elements in the claim (if any) and explains why they do not amount to significantly more than the exception. This rationale may rely, where appropriate, on the knowledge generally available to those in the art, on the case law precedent, on applicant's own disclosure, or on evidence. Sample rejections satisfying this burden are found in the training materials, particularly the worksheets for Examples 5-8.

More Examples. Appendix 1 to the July 2015 Update provides new examples that are illustrative of major themes from the comments. Examples 21-25 illustrate application of the Supreme Court and Federal Circuit's considerations for determining whether a claim with additional elements amounts to significantly more than the judicial exception itself. Examples 26 & 27 illustrate application of the streamlined analysis. Examples 23 & 27 also illustrate claims that are not directed to any judicial exception.

Ex. #	Claimed Technology	Example Title
21	Business Method	Transmission Of Stock Quote Data
22	GUI	Graphical User Interface For Meal Planning
23	GUI	Graphical User Interface For Relocating Obscured Textual Information
24	Software	Updating Alarm Limits
25	Software	Rubber Manufacturing
26	Mechanical	Internal Combustion Engine
27	Software	System Software - BIOS

Index of Examples. Appendix 2 to the July 2015 Update is a comprehensive index of examples for use with the 2014 IEG, including new and previously issued examples. It provides information such as the subject matter, statutory category, judicial exception (if any), and relevant considerations for each example.

Index of Eligibility Cases. Appendix 3 to the July 2015 Update lists eligibility cases from the Supreme Court and the Federal Circuit, and provides information such as citation, subject matter and classification. This appendix is an updated version of the case summary chart that was used in conjunction with the Abstract Idea Workshop Training.

Identifying Abstract Ideas In Step 2A. Section III of the July 2015 Update, and the following graphic on page 2, provide further information on identifying abstract ideas. This information associates concepts held to be abstract ideas in Supreme Court and Federal Circuit eligibility decisions with judicial descriptors (*e.g.*, "certain methods of organizing human activities") based on common characteristics. This information is meant to guide examiners and ensure that a claimed concept is not identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea.

July 2015 Update: Interim Eligibility Guidance
Identifying Abstract Ideas

Concepts relating to the economy and commerce, such as agreements between people in the form of contracts, legal obligations, and business relations

An idea standing alone such as an uninstantiated concept, plan or scheme, as well as a mental process (thinking) that "can be performed in the human mind, or by a human using a pen and paper"

"Fundamental Economic Practices"	"An Idea 'Of Itself'"	
• Creating a contractual relationship • Hedging • Mitigating settlement risk	• Comparing information regarding a sample or test subject to a control or target data • Collecting and comparing known information • Comparing data to determine a risk level • Diagnosing an abnormal condition by performing clinical tests and thinking about the results • Obtaining and comparing intangible data	• Comparing new and stored information and using rules to identify options • Using categories to organize, store and transmit information • Data recognition and storage • Organizing information through mathematical correlations • Displaying an advertisement in exchange for access to copyrighted media

"Certain Methods of Organizing Human Activity"		"Mathematical Relationships/Formulas"
• Creating a contractual relationship • Hedging • Mitigating settlement risk • Processing loan information • Managing an insurance policy • Managing a game of bingo • Allowing players to purchase additional objects during a game • Generating rule-based tasks for processing an insurance claim • Tax-free investing • Arbitration	• Using advertising as an exchange or currency • Structuring a sales force or marketing company • Using an algorithm for determining the optimal number of visits by a business representative to a client • Computing a price for the sale of a fixed income asset and generating a financial analysis output • A mental process that a neurologist should follow when testing a patient for nervous system malfunctions • Meal planning	• An algorithm for converting binary coded decimal to pure binary • A formula for computing an alarm limit • A formula describing certain electromagnetic standing wave phenomena • The Arrhenius equation • A mathematical formula for hedging • Managing a stable value protected life insurance policy by performing calculations and manipulating the results • Reducing the amount of calculations in known and established computations • An algorithm for determining the optimal number of visits by a business representative to a client • An algorithm for calculating parameters indicating an abnormal condition • Computing a price for the sale of a fixed income asset and generating a financial analysis output • Calculating the difference between local and average data values

Concepts relating to interpersonal and intrapersonal activities, such as managing relationships or transactions between people, social activities, and human behavior; satisfying or avoiding a legal obligation; advertising, marketing, and sales activities or behaviors; and managing human mental activity

Mathematical concepts such as mathematical algorithms, mathematical relationships, mathematical formulas, and calculations

July 2015 Update: Subject Matter Eligibility

This document is an update pertaining to patent subject matter eligibility. The *2014 Interim Guidance on Subject Matter Eligibility* (2014 IEG) published on Dec. 16, 2014 (79 Fed. Reg. 74618), and comments were solicited from the public.[1] Over sixty comments were received, and have been carefully reviewed. Using new and previously issued examples and further explanation, this update responds to the six major themes from the comments. The Office plans to continue providing updates on eligibility based on case law developments and further public input. Additional comments are being solicited via a Federal Register notice issued simultaneously herewith.

In the discussion below, the response to each theme is addressed in a separate section, including: (1) requests for additional examples, particularly for claims directed to abstract ideas and laws of nature; (2) further explanation of the markedly different characteristics (MDC) analysis; (3) further information regarding how examiners identify abstract ideas; (4) discussion of the *prima facie* case and the role of evidence with respect to eligibility rejections; (5) information regarding application of the 2014 IEG in the corps; and (6) explanation of the role of preemption in the eligibility analysis, including a discussion of the streamlined analysis.

Three appendices are also attached. Appendix 1 provides new examples that are illustrative of major themes from the comments. Appendix 2 is a comprehensive index of examples for use with the 2014 IEG, including new and previously issued examples. Appendix 3 lists selected eligibility cases from the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit that are discussed herein and provides information such as citation, subject matter and classification.

Since the 2014 IEG published, the Federal Circuit has issued a number of decisions on eligibility, including several very recent precedential decisions, such as *Ariosa Diagnostics v. Sequenom*, relating to detecting fetal nucleic acids, and several decisions relating to computer implemented abstract ideas. These recent decisions, which may be subject to further judicial developments, are being reviewed closely to determine whether any changes in guidance are warranted.[2]

I. Additional Examples

Additional examples were requested, particularly of eligible claims, and of examples illustrating the application of the significantly more inquiry in Step 2B. To assist examiners and the public in applying the principles of the 2014 IEG, new examples are attached in Appendix 1, including claims directed to abstract ideas, particularly in the business method, graphical user interface (GUI), and software areas. Examples in the biotechnology area, especially diagnostic and other method claims directed to laws of nature and natural phenomena, are in process in light of recent judicial developments.

These examples provide additional eligible claims in various technologies, as well as sample analyses applying the Supreme Court and Federal Circuit's considerations for determining whether a claim with additional elements amounts to significantly more than the judicial exception itself. The examples, along with the case law precedent identified in the training materials as pertinent to the considerations,[3] will assist examiners in evaluating claim elements that can lead to eligibility (*i.e.*, by amounting to significantly more) in a consistent manner across the corps. Examiners can locate the new and previously issued examples that are pertinent to each of the considerations by referring to Appendix 2, which identifies the subject matter, statutory category, judicial exception (if any), and relevant considerations for each example.

Comments also stressed the importance of the 2014 IEG's instruction that in Step 2B, examiners are to consider all additional elements both individually <u>and</u> in combination to determine whether

the claim as a whole amounts to significantly more than an exception. It is agreed that this instruction is vital to ensuring the eligibility of many claims, because even if an element does not amount to significantly more on its own (*e.g.*, because it is merely a generic computer component performing generic computer functions), it can still amount to significantly more when considered in combination with the other elements of the claim. The importance of considering the additional elements in combination was emphasized in examiner training (*see* Section V below), and in numerous examples. For instance, Examples 3 (AI-3: digital image processing), 4 (AI-4: global positioning system), 21 (transmission of stock quote data), and 25 (rubber manufacturing) illustrate how generic computer components that individually perform merely generic computer functions (*e.g.*, a CPU that performs mathematical calculations or a clock that produces time data) are able in combination to perform functions that are not generic computer functions and that amount to significantly more.

II. Further Explanation Of The Markedly Different Characteristics Analysis

Additional explanation of the markedly different characteristics (MDC) analysis was requested, some comments suggested moving the MDC analysis from Step 2A to Step 2B, and some comments suggested retaining the MDC analysis in Step 2A. After full consideration of the proposed alternatives, the MDC analysis will be retained in Step 2A, because that location provides three benefits to applicants: it allows many claims to qualify as eligible earlier in the analysis; it provides an additional pathway to eligibility for many claims directed to "product of nature" exceptions;[4] and it ensures consistent eligibility analyses across all technologies and claim types. These benefits, and the MDC analysis in general, are explained further in the following discussion.

<u>Early Eligibility</u>. The 2014 IEG implemented the Supreme Court's two-part framework set forth in *Alice Corp.* (also called the *Mayo* test) as Steps 2A and 2B of the eligibility analysis. Locating the MDC analysis in Step 2A allows many claims to qualify as eligible early in the analysis, *i.e.*, as soon as it is determined that no "product of nature" is recited in the claim. For instance, in Example 10 (NBP-2: pomelo juice) claim 2, once it is determined that the recited nature-based product has MDC from what occurs in nature, the claim qualifies as eligible subject matter. This early eligibility mirrors how the claims in *Chakrabarty* and *Myriad* (with respect to cDNA) were held eligible after the Step 2A analysis, *i.e.*, after the Supreme Court determined that no "product of nature" was recited in the claims at issue.[5] If the MDC analysis was moved to Step 2B, however, then these claims as well as every other claim reciting a nature-based product limitation would be subjected to the significantly more inquiry before they could be held eligible. Such lengthening of the eligibility inquiry is difficult to reconcile with the judicial precedent and would unnecessarily consume examination resources.

<u>Additional Pathway To Eligibility</u>. Locating the MDC analysis in Step 2A and the significantly more inquiry in Step 2B provides an additional pathway to eligibility for many claims directed to "product of nature" exceptions. As explained in the 2014 IEG and the training materials, claims that fail to immediately qualify as eligible in Step 2A because they are directed to judicial exceptions have a second chance at eligibility in Step 2B when they are evaluated to determine if the claim as a whole amounts to significantly more. This is illustrated, *e.g.*, by Example 17 (NBP-9: cells) claim 5, which achieves eligibility in Step 2B because the addition of the pacemaker cells to the scaffold confines the claim to a particular useful application of the scaffold, and improves the technology of regenerative medicine by facilitating faster tissue regeneration than when pacemaker cells are implanted by themselves.[6] If the MDC analysis was moved to Step 2B as

suggested, however, then the conclusion for claim 5 might change because the Step 2B additional pathway to eligibility would no longer exist for claims directed to "product of nature" exceptions.

Consistency. Placing the MDC analysis (which the courts have used to identify "product of nature" exceptions)[7] in Step 2A ensures that all claims are consistently analyzed for eligibility regardless of statutory category or the type of exception recited. As many examiners are faced with claims that contain different types of exceptions, this ensures a more uniform approach to examination for eligibility because all exceptions are identified in the same manner (*i.e.*, in Step 2A), and examiners are not required to distinguish between exceptions which can prove to be difficult. This consistency is illustrated in the examples, *e.g.*, by comparing the analysis for Example 10 (NBP-2: pomelo juice) claim 2 with the analysis for Example 1 (AI-1: method of isolating and removing malicious code from electronic messages) claim 1. Although these two examples concern different statutory categories (composition of matter vs. process) and different judicial exceptions ("product of nature" vs. abstract idea), the overall analysis is the same, *i.e.*, once it is determined that the claim is not directed to a judicial exception (*Step 2A: NO*), the claim qualifies as eligible subject matter and the eligibility analysis ends.

III. Further Information on Identifying Abstract Ideas in Step 2A

Additional guidance on identifying abstract ideas was requested in order to assist examiners in clearly articulating grounds of rejection with respect to eligibility. The abstract idea exception, like the other judicial exceptions, was created by the courts to protect the building blocks of ingenuity, scientific exploration, technological work, and the modern economy. Because the courts have declined to define abstract ideas, other than by example, the 2014 IEG instructs examiners to refer to the body of case law precedent in order to identify abstract ideas by way of comparison to concepts already found to be abstract. Accordingly, the following discussion provides more information about the types of concepts the courts have considered to be abstract ideas, by associating Supreme Court and Federal Circuit eligibility decisions with judicial descriptors (*e.g.*, "certain methods of organizing human activities") based on common characteristics. These associations define the judicial descriptors in a manner that stays within the confines of the judicial precedent, with the understanding that these associations are not mutually exclusive, *i.e.*, some concepts may be associated with more than one judicial descriptor. This discussion is meant to guide examiners and ensure that a claimed concept is not identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea.

When identifying abstract ideas, examiners should keep in mind that judicial exceptions need not be old or long-prevalent, and that even newly discovered judicial exceptions are still exceptions, despite their novelty. For example, the mathematical formula in *Flook*, the laws of nature in *Mayo*, and the isolated DNA in *Myriad* were all novel, but nonetheless were considered by the Supreme Court to be judicial exceptions because they were "'basic tools of scientific and technological work' that lie beyond the domain of patent protection."[8] The Supreme Court's cited rationale for considering even "just discovered" judicial exceptions as exceptions stems from the concern that "without this exception, there would be considerable danger that the grant of patents would 'tie up' the use of such tools and thereby 'inhibit future innovation premised upon them.'"[9] The Federal Circuit has also applied this principle, for example, when holding the concept of using advertising as an exchange or currency abstract in *Ultramercial*, despite the patentee's arguments that the concept was "new".[10]

A. "Fundamental economic practices"

The phrase "fundamental economic practices" is used to describe concepts relating to the economy and commerce, such as agreements between people in the form of contracts, legal obligations, and business relations. The term "fundamental" is used in the sense of being foundational or basic, and not in the sense of necessarily being "old" or "well-known." As shown below, these concepts have common characteristics.

- At least two cases have found concepts relating to agreements between people or performance of financial transactions abstract, such as creating a contractual relationship (*buySAFE*), and hedging (*Bilski*).
- At least two cases have found concepts relating to mitigating risks abstract, such as hedging (*Bilski*), and mitigating settlement risk (*Alice Corp.*).

B. "Certain Methods of Organizing Human Activity"

The phrase "certain methods of organizing human activity" is used to describe concepts relating to interpersonal and intrapersonal activities, such as managing relationships or transactions between people, social activities, and human behavior; satisfying or avoiding a legal obligation; advertising, marketing, and sales activities or behaviors; and managing human mental activity. The 2014 IEG uses the term "certain" to qualify this category description, in order to remind examiners that (1) not all methods of organizing human activity are abstract ideas, and (2) this category description is not meant to cover human operation of machines. Like the other categories, some methods of organizing human activities can also be economic practices or "ideas." For example, the concept of hedging claimed in *Bilski* was described by the Supreme Court as both a method of organizing human activity and a fundamental economic practice. As shown below, these concepts have common characteristics.

- Several cases have found concepts relating to managing relationships or transactions between people abstract, such as creating a contractual relationship (*buySAFE*), hedging (*Bilski*), mitigating settlement risk (*Alice Corp.*), processing loan information (*Dealertrack*), managing an insurance policy (*Bancorp*), managing a game of Bingo (*Planet Bingo*), allowing players to purchase additional objects during a game (*Gametek*), and generating rule-based tasks for processing an insurance claim (*Accenture*).[11]
- At least two cases have found concepts relating to satisfying or avoiding a legal obligation abstract, such as tax-free investing (*Fort Properties*) or arbitration (*In re Comiskey*).
- Several cases have found concepts relating to advertising, marketing and sales activities or behaviors abstract, such as using advertising as an exchange or currency (*Ultramercial*), structuring a sales force or marketing company (*In re Ferguson*), using an algorithm for determining the optimal number of visits by a business representative to a client (*In re Maucorps*), allowing players to purchase additional objects during a game (*Gametek*), and computing a price for the sale of a fixed income asset and generating a financial analysis output (*Freddie Mac*).
- At least two cases have found concepts relating to managing human behavior abstract, such as a mental process that a neurologist should follow when testing a patient for nervous system malfunctions (*In re Meyer*), and meal planning (*DietGoal*).

C. "An Idea 'Of Itself'"

The phrase "an idea 'of itself,'" is used to describe an idea standing alone such as an uninstantiated concept, plan or scheme, as well as a mental process (thinking) that "can be performed in the human mind, or by a human using a pen and paper."[12] Some concepts that are "ideas" can also fall within other categories. For example, in *Ultramercial*, the steps of displaying an advertisement in exchange for access to copyrighted media was called an "idea", but could also be considered organizing human activity because the claim describes advertising. As shown below, these concepts have common characteristics.

- Several cases have found concepts relating to processes of comparing data that can be performed mentally abstract, such as comparing information regarding a sample or test subject to a control or target data (*Ambry*, *Myriad CAFC*), collecting and comparing known information (*Classen*), comparing data to determine a risk level (*Perkin-Elmer*), diagnosing an abnormal condition by performing clinical tests and thinking about the results (*In re Grams*),[13] obtaining and comparing intangible data (*Cybersource*), and comparing new and stored information and using rules to identify options (*SmartGene*).
- Several cases have found concepts relating to processes of organizing information that can be performed mentally abstract, such as using categories to organize, store and transmit information (*Cyberfone*), data recognition and storage (*Content Extraction*), and organizing information through mathematical correlations (*Digitech*).
- At least one case has found the steps of displaying an advertisement in exchange for access to copyrighted media to be "an idea, having no particular concrete or tangible form" (*Ultramercial*).

D. "Mathematical relationships/formulas"

The phrase "mathematical relationships/formulas" is used to describe mathematical concepts such as mathematical algorithms, mathematical relationships, mathematical formulas, and calculations. As shown below, these concepts have common characteristics. It is also noted that the courts have described some mathematical concepts as laws of nature.

- At least five cases have found concepts relating to a mathematical relationship or formula abstract, for example an algorithm for converting binary coded decimal to pure binary (*Benson*), a formula for computing an alarm limit (*Flook*), a formula describing certain electromagnetic standing wave phenomena (*Mackay Radio*), the Arrhenius equation (*Diehr*), and a mathematical formula for hedging (*Bilski*).
- Several cases have found concepts relating to performing mathematical calculations abstract, such as managing a stable value protected life insurance policy by performing calculations and manipulating the results (*Bancorp*), reducing the amount of calculations in known and established computations (*FuzzySharp*), an algorithm for determining the optimal number of visits by a business representative to a client (*In re Maucorps*), an algorithm for calculating parameters indicating an abnormal condition (*In re Grams*), computing a price for the sale of a fixed income asset and generating a financial analysis output (*Freddie Mac*), and calculating the difference between local and average data values (*In re Abele*).

IV. Requirements Of A *Prima Facie* Case

Concern was expressed about examiners satisfying the proper burden for a *prima facie* case when making an eligibility rejection. Accordingly, the following discussion clarifies the requirements of a *prima facie* case, in order to guide examiners in satisfying their burden and ensuring that they reject on eligibility grounds only where appropriate. Examiner training (*see* Section V below) also emphasized that performing a thorough analysis and writing a clear rejection is a critical part of satisfying the examiner's burden. This discussion is meant to help examiners and applicants understand when a proper *prima facie* case has been made, so there is no doubt as to whether examiners have met their burden.

The concept of the *prima facie* case is a procedural tool of patent examination, which allocates the burdens going forward between the examiner and applicant. In particular, the initial burden is on the examiner to explain why a claim or claims are unpatentable clearly and specifically, so that applicant has sufficient notice and is able to effectively respond.[14] For subject matter eligibility, the examiner's burden is met by clearly articulating the reason(s) why the claimed invention is not eligible, for example by providing a reasoned rationale that identifies the judicial exception recited in the claim and why it is considered an exception, and that identifies the additional elements in the claim (if any) and explains why they do not amount to significantly more than the exception.[15] This rationale may rely, where appropriate, on the knowledge generally available to those in the art, on the case law precedent, on applicant's own disclosure, or on evidence. Sample rejections satisfying this burden are found in the training materials, particularly the worksheets for Examples 5-8. Once the examiner has satisfied her initial burden, the burden then shifts to the applicant.

The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be a question of law.[16] Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings. For example:

- *Alice Corp., Myriad, Mayo, Bilski, Diehr*, *Flook* and *Benson* relied solely on comparisons to concepts found to be exceptions in past decisions when identifying judicial exceptions.
    - In *Bilski*, when affirming the Office's eligibility rejection (which was not supported by evidence), the Supreme Court cited several documents describing "hedging" (a high level description of the detailed concept in the claim). The documents were modern day textbooks (that were not prior art) cited as examples that "hedging" is "a fundamental economic practice long prevalent in our system of commerce and taught in any introductory finance class."[17] These documents cannot be evidence, however, because the Supreme Court is an appellate court limited to review of the record created below, *i.e.*, by the Office's rejection.[18]
    - *Alice Corp.* followed a similar approach to *Bilski*, when affirming the Federal Circuit's *en banc* judgment that the claims were ineligible (which was not supported by evidence). In *Alice Corp.*, the documents were textbooks and an article (only one of which qualified as prior art) cited as examples that using a third-party intermediary is a building block of the modern economy.[19]
- *Alice Corp.*, *Bilski*, *Diehr*, *Flook* and *Benson* did not cite any evidence in support of the significantly more inquiry, even where additional elements were identified as well-

understood, routine and conventional in the art. *Mayo* did not cite any evidence in support of identifying additional elements as mere field-of-use or data gathering steps, but did cite the patent's specification when identifying other limitations as well-understood, routine and conventional.

The 2014 IEG follows the analysis used by the Supreme Court and the Federal Circuit by comparing claimed concepts to prior court decisions to identify a law of nature, a natural phenomenon, or an abstract idea for Step 2A. For Step 2B, examiners should rely on what the courts have recognized, or those in the art would recognize, as elements that are well-understood, routine and conventional. For example, the courts have recognized the following computer functions to be well-understood, routine, and conventional functions when they are claimed in a merely generic manner:

- performing repetitive calculations,[20]
- receiving, processing, and storing data,[21]
- electronically scanning or extracting data from a physical document,[22]
- electronic recordkeeping,[23]
- automating mental tasks,[24] and
- receiving or transmitting data over a network, *e.g.*, using the Internet to gather data.[25]

This listing is not meant to imply that all computer functions are well-understood, routine and conventional, or that a claim reciting a generic computer component performing a generic computer function is necessarily ineligible. Courts have held computer-implemented processes not to be significantly more than an abstract idea (and thus ineligible) where the claim as a whole amounts to nothing more than generic computer functions merely used to implement an abstract idea, such as an idea that could be done by a human analog (*i.e.*, by hand or by merely thinking). This is illustrated, *e.g.*, by Examples 7 (AI-7: e-commerce with transaction performance guaranty), 22 (GUI for meal planning), and 24 (updating alarm limits). In contrast, courts have held computer-implemented processes to be significantly more than an abstract idea (and thus eligible), where generic computer components are able in combination to perform functions that are not merely generic. This is illustrated in, *e.g.*, Examples 3 (AI-3: digital image processing), 23 (GUI for relocating obscured textual information), and 25 (rubber manufacturing).

Courts have not identified a situation in which evidence was required to support a finding that the additional elements were well-understood, routine or conventional, but rather treat the issue as a matter appropriate for judicial notice. As such, a rejection should only be made if an examiner relying on his or her expertise in the art can readily conclude in the Step 2B inquiry that the additional elements do not amount to significantly more (*Step 2B: NO*). If the elements or functions are beyond those recognized in the art or by the courts as being well-understood, routine or conventional, then the elements or functions will in most cases amount to significantly more (*Step 2B: YES*).

V. Application Of The 2014 IEG In The Patent Examining Corps

Concern was expressed about application of the 2014 IEG in the patent examining corps, and suggestions were made as to the need for examiner training. The Office has already taken steps to enhance examiners' understanding of the eligibility guidance, and will continue to work with examiners as part of its ongoing efforts to enhance patent quality. The following discussion notes efforts that have been made so far to provide examiners with appropriate guidance and training on the application of the 2014 IEG. It is also noted that many comments were received prior to

completion of the first phase of eligibility training, and thus likely reflect rejections made prior to the issuance of the 2014 IEG and the examiner training.

Guidance Materials. The Office's eligibility guidance includes: the 2014 IEG; the *2014 Interim Eligibility Guidance Quick Reference Sheet* (issued December 16, 2014), which is intended as a reference guide to the 2014 IEG; *Examples: Nature-Based Products* (issued December 16, 2014); *Examples: Abstract Ideas* (issued on January 27, 2015); and the examples contained in Appendix 1 to this update. To assist examiners in understanding the principles discussed in the 2014 IEG and illustrated in the examples, Appendix 2 hereto is a comprehensive index of the examples, and Appendix 3 hereto provides a listing of eligibility case law precedent. The examples are intended to illustrate the proper application of the eligibility analysis to a variety of claims in multiple technologies, and to guide examiners in evaluating eligibility in a consistent manner across the corps.

Training. The examining corps was trained on the 2014 IEG in January – February 2015, on the *Examples: Nature-Based Products* in February – March 2015, and on the *Examples: Abstract Ideas* in April – May 2015. Training was conducted in a variety of modalities, including instructor-led training, group discussion, and in workshop format. The training materials including video lectures, slides, and worksheets are posted on the Office website. The worksheets were designed for use in the workshop training, and are available for optional use by examiners to walk through the eligibility analysis of other claims. Sample "answer keys" for Examples 1-8 demonstrate how the worksheets can be used to guide the analysis, and also provide examples of rejections that satisfy the *prima facie* burden of clearly articulating the reason(s) why a claimed invention is not eligible.

VI. The Role Of Preemption, And The Streamlined Analysis

Clarification was requested about the role of preemption in the eligibility analysis, and suggestions were made as to where examiners should consider preemption, including in the streamlined analysis. After full consideration of the proposed alternatives, the current analysis as set forth in Steps 2A and 2B will be retained, since it already incorporates many aspects of preemption at a level that is consistent with the case law precedent. Further, as suggested by many comments, the streamlined analysis will be retained, because it provides an important benefit to applicants and examiners by permitting claims whose eligibility is self-evident to qualify as eligible without performing a full eligibility analysis.

The 2014 IEG Already Incorporates Preemption Where Appropriate. The Supreme Court has described the concern driving the judicial exceptions as preemption,[26] however, the courts do not use preemption as a stand-alone test for eligibility.[27] Instead, questions of preemption are inherent in the two-part framework from *Alice Corp.* and *Mayo* (incorporated in the 2014 IEG as Steps 2A and 2B), and are resolved by using this framework to distinguish between preemptive claims, and "those that integrate the building blocks into something more…the latter pose no comparable risk of pre-emption, and therefore remain eligible".[28] It should be kept in mind, however, that while a preemptive claim may be ineligible, the absence of complete preemption does not guarantee that a claim is eligible.[29] This principle is illustrated, *e.g.*, by Example 8 (AI-8: distribution of products over the Internet).

Streamlined Analysis. For the convenience of examiners, the 2014 IEG presented a streamlined analysis that is available for claims that "clearly do not seek to tie up any judicial exception such that others cannot practice it."[30] The use of "tie up" refers to the results of Steps 2A and 2B, and is

not meant to imply that the streamlined analysis is either a preemption test or a means of avoiding the results that would occur if a claim were to undergo the full eligibility analysis. In fact, the results of the streamlined analysis will always be the same as the full analysis, in that a claim that qualifies as eligible after Step 2A or Step 2B of the full analysis would also be eligible if the streamlined analysis were applied to that claim. *E.g.*, if the streamlined analysis were applied to the claims in new Example 25 (rubber manufacturing), the end result of eligibility would be the same. A claim that does not qualify as eligible after Step 2B[31] of the full analysis would not be suitable for the streamlined analysis, because the claim lacks self-evident eligibility. Thus, *e.g.*, the streamlined analysis is not available for the claim in new Example 24 (updating alarm limits). It is also noted that because the result of employing the streamlined analysis is a conclusion that the claim is eligible, there will be no rejection of the claim on eligibility grounds, and thus the examiner will not need to indicate which analysis was used to reach the eligibility conclusion. *Compare*, *e.g.*, Example 25 (rubber manufacturing), which illustrates how a hypothetical examiner would determine that the exemplary rubber manufacturing claims qualify as eligible in Step 2B of the full analysis, *with* Examples 26 (internal combustion engine) and 27 (system software – BIOS), which illustrate how a hypothetical examiner would determine that the exemplary claims qualify as eligible under the streamlined analysis. In practice, the record may reflect the conclusion of eligibility simply by the absence of an eligibility rejection or may include clarifying remarks, when appropriate.

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[1] The current guidance documents on subject matter eligibility, including the 2014 IEG and the example sets, all examiner training materials to date, and the public comments, are available on USPTO.GOV at the *2014 Interim Guidance on Subject Matter Eligibility* webpage.

[2] Federal Circuit decisions since publication of the 2014 IEG include *Versata*, *Intellectual Ventures*, *Webb*, *Internet Patents*, *Sequenom*, *OIP Tech*., *Freddie Mac*, *Dietgoal*, *Gametek*, *Fuzzysharp*, *Content Extraction*, and *Ambry Genetics*. Because they are so recent, it not yet certain whether *Versata*, *Intellectual Ventures*, *Webb*, *Internet Patents*, *Sequenom*, and *OIP Tech.* will be subject to further judicial developments such as rehearing by the Federal Circuit and/or certiorari to the Supreme Court. In addition, a petition for certiorari in *Content Extraction* is currently pending at the Supreme Court. All citations for the cases in this Update appear in Appendix 3.

[3] *See, e.g.*, Computer Based Training at discussion of slides 21 and 22 (discussing case law precedent relating to each consideration). Note that a full transcript of the Computer Based Training is available by selecting the "notes" tab while viewing the video presentation.

[4] The courts consider "products of nature" to be exceptions because they tie up the use of naturally occurring things, but have labeled "products of nature" as both laws of nature and natural phenomena. *See Association for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. __, 133 S. Ct. 2107, 2111 (2013). Step 2A of the flowchart uses the terms "law of nature" and "natural phenomenon" as inclusive of "products of nature".

[5] Neither *Chakrabarty* nor *Myriad* applied the significantly more inquiry to the claims before holding them eligible. Although the omission of the Step 2B inquiry could be interpreted as due to the fact that none of the claims at issue recited anything other than the nature-based product limitations, it can also be interpreted as deeming the significantly more inquiry irrelevant to claims that do not recite a judicial exception. The 2014 IEG follows the latter interpretation, and its placement of the MDC analysis in Step 2A ensures the achievement of eligibility results consistent with the judicial precedent, *i.e.*, that claims similar to those considered in *Chakrabarty* and *Myriad* will also be held eligible without proceeding to Step 2B for consideration of significantly more.

[6] The provision of this additional pathway ensures that claims directed to "products of nature" obtain the same second chance at eligibility in Step 2B that is afforded to claims directed to other judicial exceptions. *Compare*, *e.g.*, Example 17 (NBP-9: cells) claim 5, which is directed to a "product of nature" with new Example 25 (rubber manufacturing)

claims 1 and 2, which are directed to an abstract idea. In both examples, the claims achieve eligibility via Step 2B because the additional elements amount to significantly more than the recited exception.

[7] For example, *Chakrabarty* relied on a comparison of the claimed bacterium to naturally occurring bacteria when determining that the claimed bacterium was not a "product of nature" because it had "markedly different characteristics from any found in nature". *Diamond v. Chakrabarty*, 447 U.S. 303, 310 (1980). Similarly, *Roslin* relied on a comparison of the claimed sheep to naturally occurring sheep when determining that the claimed sheep was a "product of nature" because it "does not possess 'markedly different characteristics from any [farm animals] found in nature.'" *In re Roslin Institute (Edinburgh)*, 750 F.3d 1333, 1337 (Fed. Cir. 2014), quoting *Chakrabarty*, 447 U.S. at 310 (alterations in original).

[8] *Parker v. Flook*, 437 U.S. 584, 591-92 (1978); and *Myriad Genetics*, 133 S. Ct. at 2116, quoting *Mayo Collaborative Svcs. v. Prometheus Labs*., 566 U.S. __, 132 S. Ct. 1289, 1293 (2012).

[9] *Myriad*, 133 S. Ct. at 2116, quoting *Mayo*, 132 S. Ct. at 1293. *See also Myriad*, 133 S. Ct. at 2217 ("Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the §101 inquiry.").

[10] *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714-15 (Fed. Cir. 2014) ("According to Ultramercial, abstract ideas remain patent-eligible under § 101 as long as they are new ideas, not previously well known, and not routine activity. … But here, the '545 claims are indeed directed to an abstract idea, which is, as the district court found, a method of using advertising as an exchange or currency. We do not agree with Ultramercial that the addition of merely novel or non-routine components to the claimed idea necessarily turns an abstraction into something concrete. In any event, any novelty in implementation of the idea is a factor to be considered only in the second step of the *Alice* analysis.").

[11] *See Content Extraction and Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1358-59 (Fed. Cir. 2014) (describing the abstract ideas in *buySAFE*, *Accenture*, *Bancorp*, and *Dealertrack*).

[12] *Cybersource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011). As the Federal Circuit explained, "methods which can be performed mentally, or which are the equivalent of human mental work, are unpatentable abstract ideas--the 'basic tools of scientific and technological work' that are open to all.'" *Id.* at 1371, citing *Gottschalk v. Benson,* 409 U.S. 63 (1972).

[13] *See Cybersource*, 654 F.3d at 1372 n.2 (describing the abstract idea in *Grams*).

[14] *Hyatt v. Dudas*, 492 F.3d 1365, 1369-70 (Fed. Cir. 2007); *see also* 35 U.S.C. § 132; MPEP 2106(III).

[15] *See* MPEP 707.07(d), which explains that the burden is on the Office to establish a *prima facie* case by clearly articulating the reasoning behind a rejection, and MPEP 2106(III), explaining that after the examiner has identified and explained in the record the reasons why a claim is ineligible, then the burden shifts to the applicant to either amend the claim or make a showing of why the claim is eligible for patent protection.

[16] *See, e.g.*, *Roslin*, 750 F.3d at 1335; *Accenture Global Services, GmbH v. Guidewire Software*, 728 F.3d 1336, 1340-41 (Fed. Cir. 2013); *Fort Properties, Inc. v. American Master Lease LLC*, 671 F.3d 1317, 1320 (Fed. Cir. 2012); *Cybersource*, 654 F.3d at 1369; *SiRF Tech. Inc. v. Int'l Trade Commission*, 601 F.3d 1319, 1331 (Fed. Cir. 2010); *In re Ferguson*, 558 F.3d 1359, 1363 (Fed. Cir. 2009); *In re Bilski*, 545 F.3d 943, 951 (Fed. Cir. 2008) (*en banc*), affirmed by *Bilski v. Kappos*, 561 U.S. 593 (2010).

[17] *Bilski*, 561 U.S. at 611.

[18] It is a fundamental principle of law that an appellate court does not act on evidence that was not before the lower court(s). *See, e.g.*, *Rosewell v La Salle Nat'l Bank*, 450 U.S. 503, 518 n.22 (1981). *See also VirtualAgility Inc. v. Salesforce.com*, 759 F.3d 1307, 1312 (Fed. Cir. 2014); *Sky Techs. LLC v. SAP AG*, 576 F.3d 1374, 1377 n.4 (Fed. Cir. 2009); *In re Watts*, 354 F.3d 1362, 1367 (Fed. Cir. 2004).

[19] *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. __, 134 S. Ct. 2347, 2356 (2014).

[20] *See Flook*, 437 U.S. at 594; *Bancorp Services v. Sun Life*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) ("The computer required by some of Bancorp's claims is employed only for its most basic function, the performance of repetitive calculations, and as such does not impose meaningful limits on the scope of those claims."). *But see* Examples 3 (AI-3: digital image processing) and 25 (rubber manufacturing).

[21] *See Alice Corp.*, 134 S. Ct. at 2360. *But see* Example 4 (AI-4: global positioning system).

[22] *See Content Extraction*, 776 F.3d at 1358 (optical character recognition).

[23] *See Alice Corp.*, 134 S. Ct. at 2359 (creating and maintaining "shadow accounts"); *Ultramercial*, 772 F.3d at 716 (updating an activity log).

[24] *See Benson*, 409 U.S. at 65-67; *Bancorp*, 687 F.3d at 1275; *CyberSource*, 654 F.3d at 1375.

[25] *See Ultramercial*, 772 F.3d at 716-17; *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014); *Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 Fed. Appx. 988, 993 (Fed. Cir. 2014). *But see DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1258 (Fed. Cir. 2014) ("Unlike the claims in *Ultramercial*, the claims at issue here specify ***how*** interactions with the Internet are manipulated to yield a desired result--a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink." (emphasis added)).

[26] *See Alice Corp.*, 134 S. Ct. at 2354:

> We have described the concern that drives this exclusionary principle as one of pre-emption. *See, e.g.*, *Bilski*, *supra*, at 611-612, 130 S. Ct. 3218, 177 L. Ed. 2d 792 (upholding the patent "would pre-empt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea"). Laws of nature, natural phenomena, and abstract ideas are """the basic tools of scientific and technological work."" *Myriad*, *supra*, at ___, 133 S. Ct. 2107, 186 L. Ed. 2d 124, 133). "[M]onopolization of those tools through the grant of a patent might tend to impede innovation more than it would tend to promote it," thereby thwarting the primary object of the patent laws. *Mayo*, *supra*, at ___, 132 S. Ct. 1289, 182 L. Ed. 2d 321, 327); *see* U.S. Const., Art. I, § 8, cl. 8 (Congress "shall have Power . . . To promote the Progress of Science and useful Arts").

[27] For example, even though the claims in *Flook* did not "wholly preempt the mathematical formula", and the claims in *Mayo* were directed to "narrow laws that may have limited applications", the Supreme Court nonetheless held them ineligible because they failed to amount to significantly more than the recited exceptions. *Flook* at 589-90; *Mayo* at 1302. The Federal Circuit has followed the Supreme Court's lead in rejecting arguments that a lack of total preemption equates with eligibility. *See, e.g.*, *buySAFE*, 765 F.3d at 1355; *Ultramercial,* 772 F.3d at 716.

[28] *Alice Corp.*, 134 S. Ct. at 2355-56.

[29] *See Alice Corp.*, 134 S. Ct. at 2358:

> Stating an abstract idea "while adding the words 'apply it'" is not enough for patent eligibility. *Mayo*, *supra*, at ___, 132 S. Ct. 1289, 182 L. Ed. 2d 321, 325. Nor is limiting the use of an abstract idea "'to a particular technological environment.'" *Bilski*, *supra*, at 610-611, 130 S. Ct. 3218, 177 L. Ed. 2d 792. Stating an abstract idea while adding the words "apply it with a computer" simply combines those two steps, with the same deficient result. Thus, if a patent's recitation of a computer amounts to a mere instruction to "implemen[t]" an abstract idea "on . . . a computer," *Mayo*, *supra*, at ___, 132 S. Ct. 1289, 182 L. Ed. 2d 321, 337), that addition cannot impart patent eligibility. This conclusion accords with the pre-emption concern that undergirds our §101 jurisprudence.

[30] *See* 2014 IEG at Section I.B.3.

[31] Claims that are not eligible in Step 2A of the full analysis may or may not be suitable for the streamlined analysis, depending on whether the claims clearly demonstrate that they amount to significantly more. Thus, while new Example 26 (internal combustion engine) recites calculating the rate of change (a mathematical relationship), the claim overall clearly amounts to significantly more than this exception, and a full eligibility analysis is not needed.

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Rob formed Gingher & Salerno LLP in 2014 after a thirteen-year career with three large Manhattan law firms. He has litigated numerous complex, high-stakes patent cases in many venues across the United States. His practice is focused primarily on complex intellectual property litigations, as well as prosecution and *inter partes* reexamination of numerous patent applications and preparation of opinions, relating to various technologies including financial business methods, computer hardware and networking, computer software, Internet telephony, Internet website development, radar, cellular telephony, video games, digital memories, streaming video, bio-electronic impedance measurement, and bioelectric therapy.

PROFESSIONAL BACKGROUND

After completing his undergraduate education, Mr. Gingher was commissioned and later earned the rank of Lieutenant in the U.S. Navy. He served as a nuclear-trained submarine officer and was ultimately assigned duty as the Damage Control Assistant on the commissioning crew of the U.S.S. Tennessee (SSBN-734) (Gold). Following his military service, he worked in various

RELATED PRACTICES

- Intellectual Property
- IP Litigation
- Patent Prosecution
- Due Diligence

EDUCATION

University of Rochester, B.S.E.E., 1984, *with distinction*

City University of New York, M.A. in Computer Science, 1993

Jacob D. Fuchsberg Law Center of Touro College, J.D., 2001, *magna cum laude*

ADMISSIONS

New York Licensed Professional Engineer, No. 067868, 1991

New York Bar, 2d Dep't, 2002

U.S. District Court for the Southern District of New York, 2002

U.S. Patent and Trademark Office, No. 45,755, 2002

Registered to practice before the Veteran's Administration, 2008

U.S. District Court for the Eastern District of New York, 2009

U.S. Court of Appeals for the Federal Circuit, 2009

positions of responsibility with the New York Power Authority, first as Maintenance Engineer at the Indian Point III Nuclear Power Plant, then as Electrical Engineer at the Shoreham Decommissioning Project, and finally as the Technical Services Superintendent during the commissioning and operation of the Richard M. Flynn Combined Cycle Power Plant. While employed by the State of New York, he earned a Professional Engineer's license. Following law school, Mr. Gingher started as an associate at the intellectual property boutique firm of Pennie & Edmonds, and later worked at Jones Day and as Counsel at Dickstein Shapiro.

PROFESSIONAL ACTIVITIES

Mr. Gingher is a member of the Suffolk County Bar Association.

REPRESENTATIVE CASES

- achieved favorable settlement for defendant following *Markman* ruling in *New Angle Direct LLC et al. v. CWI, Inc.*, No. 14-cv-3803-BMC (E.D.N.Y.);
- *St. Clair Intellectual Property Consultants, Inc. v. LG Electronics Inc.*, No. 1:11-cv-01304-LPS (D. Del.);
- enforcement of patented multicore chip technology in *Cradle IP, LLC v. Texas Instruments, Inc.*, No. 1:11-cv-1254-SLR (D. Del.); *Texas Instruments, Inc. v. Cradle IP, LLC*, No. 3:12-cv-00668-M (N.D. Tex.);
- *Beacon Navigation GmbH v. Chrysler Group LLC*, Nos. 1:11-cv-922-GMS and 1:11-cv-921-GMS (D. Del.);
- represented major automobile manufacturer in *Certain Automotive GPS Navigation Systems, Components Thereof, and Products Containing Same*, ITC Inv. No. 337-TA-814;
- achieved favorable Markman ruling leading to settlement in *Aerielle Techs. Inc v. Belkin Int'l Inc. et al.*, No. 5:10-cv-01301-LHK (N.D. Cal.);
- *Balthaser Online, Inc. v. Kimberly-Clark Corp., et. al.*, No. 2:09-cv-188-TJW (E.D. Tex., Marshall Division);

- argued Markman hearing on behalf of major computer manufacturer in *St. Clair Intellectual Property Consultants, Inc. v. Acer, Inc., et al.*, No. 1:09-cv-00354-JJF-LPS (D. Del.);
- defeated summary judgment motion on the papers and prepared arguments for *Markman* hearing leading to favorable settlement for patentee against multiple defendants in *Balthaser Online, Inc. v. Electronic Arts, Inc.*, No. 3:09-cv-05422-RS (N.D. Cal.);
- *Balthaser Online, Inc. v. Network Solutions, LLC, et al.*, No. 2:08-cv-430-DF (E.D. Tex., Texarkana Division);
- argued Markman hearing leading to favorable settlement for patentee against smart cell phone audio broadcast detection device in *Arbitron v. International Demographics, Inc., et al.*, No. 2:06-cv-434-TJW (E.D. Tex., Marshall Division);
- significantly reduced settlement for teleconferencing services client in *Ronald A. Katz Technology Licensing v. Genesys, et al.*, No. 07-cv-2254-B-RGK (C.D. Cal);
- represented major cellular telephone services provider in *Ronald A. Katz Technology Licensing v. Citibank, et al.*, No. 2:07-ML-1816-B-RGK, No. 2:07-cv-0220-RGK (C.D. Cal.);
- achieved a favorable settlement for patentee against a pre-IPO energy trading startup in *EBS Dealing Resources, Inc. v. Intercontinental Exchange, Inc.*, No. 04-cv-00583 (HB)(DF) (S.D.N.Y.);
- a successful defense against a preliminary injunction motion with expedited discovery in a patent infringement action relating to computerized bond trading business methods in *eSpeed Inc., et al. v. BrokerTec USA, LLC, et al.*, 2004 WL 62490 (D. Del. Jan. 14, 2004);
- successfully defended Take-Two Interactive Software, Inc. against a claim of patent infringement regarding its popular video game, Grand Theft Auto II in *Strider. v. Sony, et al.*, No. 03-cv-4220 (C.D. Cal. Nov. 7, 2003);

- achieved favorable settlement in copyright infringement litigation involving digitally watermarked music in *Freeplay Music Inc. v. Spanish Broadcasting System, Inc., et al.*, No. 04-cv-5238 (GEL) (S.D.N.Y.); and
- technical analysis and support in copyright infringement litigation of computer software for check scanning equipment in *RDM Corp., et al. v. Ingenico Corp., et al.*, No. 0:02-cv-03662-JNE-JGL (D. Minn.).

PUBLICATIONS

- Gingher, R. and Cho, D. "The Intrinsic Compatibility of the Patent System with Open Source," *Bloomberg Law Reports: Intellectual Property* (January 20, 2009).
- Gingher, R. and Uffelman, J., "Claiming Software-Based Inventions in the Wake of Microsoft v. AT&T," 16 *NYSBA Bright Ideas* 14 (2007).

EDUCATION

University of Rochester, B.S., electrical engineering, 1984, *with distinction*.

City University of New York, Queens College, M.A., 1993, computer science.

Touro College, Jacob D. Fuchsberg Law Center, J.D., 2001, *magna cum laude*; editor, Touro Law Review.

TRADEMARKS

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Trademark Assets

1. Registered trademarks
2. Applications for registrations
3. Distinctive signs or names the company is using, whether registered or not.
4. Distinctive labels
5. Distinctive product shapes
6. Distinctive packaging
7. Domain Names

What is a Trademark

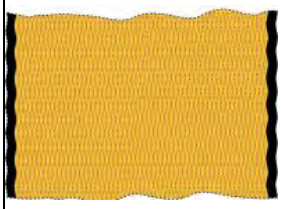
Trademarks are "brand names", and the law of trademarks largely pertains to guarding commercial reputations, preventing confusion. Trademarks (or brand names) are commercial indicators of source and they distinguish one company's goods from another's. They may be words, logos or other symbols that tell consumers that goods come from, or are sponsored by, a particular company. Trademarks also include three-dimensional symbols, such as the "golden arches", sounds, colors, scents or sensory or touch marks.

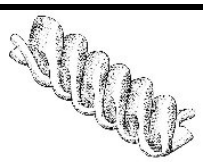
Selection of a Trademark

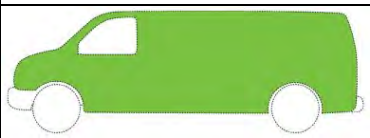
Trademarks may be classified as (i) fanciful – a coined word, e.g., "Kodak", (ii) arbitrary – words in common use but not suggestive of the product or a characteristic of the product, e.g., "Polo" for shirts, (iii) descriptive – marks that are inherently not distinctive, being descriptive of

the product, function, or intended use, e.g., “PM” for sleep aid, and (iv) generic – incapable of acting as a trademark, e.g., escalator. A trademark may become generic due to improper use. Fanciful trademarks are the strongest trademarks. Whatever their type, trademarks allow consumers to seek (or avoid) particular sources of products.

Reg. No.	***Mark***
3361597	 **Goods: women’s high fashion designer footwear** **Description of Mark: The mark consists of a lacquered red sole on footwear. The dotted lines are not part of the mark but are intended only to show placement of the mark.** **Owner: Christian Louboutin** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77141789**
3618321	[sound only] **Goods: Description of Mark: The mark consists of the sound of an oscillating humming buzz created by combining feedback from a microphone with a projector motor sound.** **Owner: Lucasfilm Entertainment Company Ltd.** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77419246**
3140700	[scent only] **Goods: office supplies, namely, file folders, hanging folders, paper expanding files** **Description of Mark: The mark consists of a peppermint scent or fragrance.** **Owner: The Smead Manufacturing Company**

Reg. No.	*Mark*
	http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78649175
3849102	[scent only] **Services: Advertising and marketing** **Description of Mark: The mark consists of a rose oil scent or fragrance.** **Owner: Kalin Manchev** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77871535**
3896100	[texture only] **Goods: wines** **Description of Mark: The mark consists of a leather texture wrapping around the middle surface of a bottle of wine. The mark is a sensory, touch mark.** **Owner: The David Family Group LLC** **http://tarr.uspto.gov/tarr?regser=registration&entry=3896100**
3888247	 **Goods: All-purpose straps; Straps for handling loads; Tie down straps** **Description of Mark: The mark consists of the colors gold and black as used on straps, the color gold being used to cover the surface of the strap with a black line forming a border on each side of the strap. The broken or dotted lines on the outer perimeters of the mark are used to show the position of the mark on the goods and the broken lines in the repeated diamond pattern shape in the interior of the strap is not a feature of the mark but used to indicate texture."** **Owner: Kinedyne Corporation** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77843362**

Reg. No.	*Mark*
3579003	 **Goods: plastic baseball bats** **Description of Mark: The mark consists of the color yellow as applied to plastic baseball bats. The dotted lines show the placement of the mark on the identified goods.** **Owner: The Wiffle Ball, Inc.** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77400443**
3707623	 **Services: presentation of intercollegiate sporting events and sports exhibitions rendered in a stadium, etc.** **Description of Mark: The mark consists of the color blue used on the artifical turf in the stadium. The matter shown in broken lines on the drawing shows positioning of the mark and is not claimed as a feature of the mark.** **Owner: Boise State University** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77574724**
3839907	 **Goods: Corn-based snack foods** **Description of Mark: The mark consists of the configuration of a spiral-shaped chip.**

Reg. No.	*Mark*
	Owner: FRITO-LAY NORTH AMERICA, INC. **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77766975**
3878261	 **Services: transmission of voice, audio, visual images and data by telecommunications networks, wireless communication networks, the Internet, information services networks and data networks** **Description of Mark: The mark consists of a configuration of a human torso wearing a black collared shirt with rolled up sleeves and lime green tie with a traditional four in hand knot. The dotted lines in the drawing indicate placement of the mark. The matter shown by the dotted lines is not claimed as a part of the mark and serves only to show the position of the mark.'** **Owner: The Madsen Group, LLC** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77853035**
3847298	 **Goods and Services: Carpet, furniture and drapery cleaning services; services for the restoration of structures and/or contents damaged by fire, water and other catastrophes; Mold remediation services** **Description of Mark: The mark consists of the color green as applied to vehicles used to provide the services. The configuration of a vehicle shown by the dotted outline is intended to show the position of the mark on the vehicle and is not part of the mark.** **Owner: Servpro Intellectual Property, Inc.**

Reg. No.	*Mark*
	http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77843574
3788865	 **Goods: Cakes** **Description of Mark: The mark consists of a configuration of a red and white cake. A thick white ribbon appears crossing over the width and length of the top surface of the cake with a thick white ribbon placed on top of the intersection of the large plus sign design on the top surface of the cake simulating a large bow on top of the cake. The base of the cake contains a series of connected textured scalloped designs appearing in white. The color black appears within the ribbon, bow and scalloped designs to show texture and depth in the mark but is not claimed as a feature of the mark. The dotted lines represent the outline of the square shape and representation of the cake and are not claimed as a feature of the mark.** **Owner: Image Brands, Inc. TA Red Velvet Cake** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77660153**
3743660	 **Goods: Candy mints** **Description of Mark: The mark consists of a configuration of a rectangular tin container with a lid, with a red border around the outer perimeter of the lid of the tin.** **Owner: Wm. Wrigley Jr. Company** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=77488816**

Reg. No.	*Mark*
3167134	 **Services: Tax preparation services** **Description of Mark: The drawing is a two-dimensional representation of the mark, which consists of the nonfunctional elements of a three dimensional Statue of Liberty costume.** **Owner: JTH Tax, Inc.** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=76617154**
3801204	 **Services: Entertainment services, namely, baseball games, competitions and exhibitions rendered live and through broadcast media including television and radio, and via a global computer network or a commercial on-line service; live performances by costumed characters and performances …** **Description of Mark: The mark consists of a costumed character wearing a baseball uniform and hat with the letter "B" on the hat and the wording "RED SOX" on the uniform. The mark is a two-dimensional depiction of a three-dimensional costumed character.** **Owner: Boston Red Sox Baseball Club Limited Partnership** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78749000**
3893339	

Reg. No.	*Mark*
	   Services: Educational services, namely, providing courses of instruction in classrooms and on-line at the college, graduate, and doctorate levels, … **Description of Mark: The mark consists of the nonfunctional elements of a three-dimensional costume to be worn by a person in the advertising and rendering of the services. The proposed mark is comprised of the following specific elements: a black narrow-brimmed fedora-style hat, black shoes, a white dress shirt, a black necktie, a yellow suit with vertical black stripes, and a black briefcase featuring the white stylized lettering "WALSH COLLEGE" on two lines and "LIVE. BREATHE. BUSINESS." on a single line below the first two lines. The dotted outline of a person is not part of the mark, but is merely intended to show the position of the costume. The drawing is a two-dimensional representation of the mark.** **Owner: Walsh College of Accountancy and Business Administration** **http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=85027509**

Preventing Trademarks From Becoming Generic

In *Stix Products, Inc. v. United Merchants & Mfrs., Inc.*, 295 F.Supp.479, 160 U.S.P.Q.777 (S.D.N.Y. 1968) the Court rejected arguments that the trademark Contact was generic for adhesive backed coverings. The Court focused on the following

> "In advertising its CON-TACT brand products United has adopted a policy evidently designed to avoid the problem that arose in the Thermos case. Through the years its advertising and promotional activities have featured: (1) a prominent display of the CON-TACT trademark; (2) descriptive or generic phrases in close proximity to the trademark; and (3) words and pictures telling and showing what the product is and how and where to use it. United has consistently used its

trademark CON-TACT in conjunction with apt descriptive terms, both on the products themselves and in the advertising and display thereof. Typical of the terms used in conjunction with its trademark is the phrase "self-adhesive plastic."

§12:26 McCarthy on Trademarks states:

> In an attempt to get buyers to use XEROX in a trademark, rather than in a generic, sense, the Xerox Corporation has placed ads reading:
>
> Our lawyers can present their entire case in 25 words or less.
>
> Xerox is a registered trademark. It identifies our products. It shouldn't be used for anything anybody else makes.
>
> Our lawyers figure 25 words or less to the wise should be sufficient.
>
> If there is any doubt about the potential generic nature of a producer's trademark, it is always good advice to always link the trademark with a generic name to encourage customers to adopt the usage desired by the producer. The use of the term "brand" comes in handy here. For example, the phrase "SCOTCH brand adhesive tape" should be used instead of "SCOTCH tape." Or the phrase "BAND-AID brand adhesive bandages" rather than just "BAND-AID."

In Continental Airlines Inc. v. United Air Lines Inc., 53 U.S.P.Q. 2d 1385 (T.T.A.B. 1999), the Board commented:

> The Board notes initially that evidence of competitors' use of particular words as the name of their goods or services is, of course, persuasive evidence that those words would be perceived by purchasers as a generic designation for the goods or services.

Acquiring Trademark Rights

Trademark rights arise in one of the following two ways: 1) By filing a mark with the United States Patent and Trademark Office (hereinafter, "USPTO") based on a bona fide intent to use the mark on a product or in association with a service that is soon to be offered to the public, or 2) By actually using the mark in commerce on a product or in association with a service.

An application for registration may be filed based on either actual use of the mark or a bona fide intent to use the mark in commerce. The filing date of an application with the USPTO to register a trademark or service mark, which the applicant intends to use on a product or in association with a service, establishes a date of constructive use of the mark. The act of filing the application can create a nationwide priority of rights in the mark against any other person who subsequently adopts the same or a confusingly similar mark (contingent upon the mark ultimately issuing as a federal registration).

The intent to use the mark must be bona fide or the application may be invalid and the applicant may be subject to certain penalties for filing a fraudulent claim of intent. The federal registration will be issued only after the applicant has made actual use of the mark on the goods or in association with the service that it claims to have intent to use when the filing takes place. When actual use is made and the federal registration issues, the owner's rights in the mark are superior to all who have adopted the same or a similar mark for the same or a similar product or service subsequent to the filing date of the owner's application.

Advantages of a Federal Registration

Obtaining a federal registration provides significant advantages. Among these advantages are:

1. The benefit of nationwide constructive use and, thus, a right of priority, over all subsequent users as of the application filing date.

2. Constructive notice – it prevents acquisition of common law rights even by innocent adoption and use of the same or a similar mark by another.

3. It creates a legal presumption and is sometimes conclusive evidence of the registrant's right to exclusive use of the mark and the validity of the mark's registration.

4. Imported goods bearing a mark, which infringes a federally registered mark, may be excluded from entry into the U.S. by recordation with the U.S. Customs Service.

5. Based on the Paris Convention, registration furnishes the basis for foreign registration.

Effect of Registration

Section 1057(b) of the U.S. Trademark Laws, 15 U.S.C. § 1057(b), provides as follows:

> Certificate as Prima Facie Evidence
>
> A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate." (emphasis added)

Incontestability

15 U.S.C. § 1065 relates to incontestability of a U.S. Trademark

Registration under certain circumstances. 15 U.S.C. § 1065 provides:

> Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable….(emphasis added)

Further, a trademark that has been registered for five years becomes incontestable under 15 U.S.C. § 1115(b). Such registered trademarks are conclusively presumed to be valid and entitled to protection. *See Park 'N Fly Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985).

Trademark Application Process

An application for a federal registration of a trademark or service mark filed in the USPTO is examined by the Examiner to ensure that the mark is not likely, when used on or in connection with the goods or services of the applicant, to cause confusion, or mistake, or to deceive the consuming public with other registered trademarks. The Examiner also determines whether the mark is incapable of performing the identification function of a mark because, for example, it is the generic word for the product or service with which it is used or because it is descriptive of the products or service with which it is used.

The Examiner may ask for clarifications or amendments to the application before the application is finally allowed. The process of trademark prosecution may take up to a year or

more to complete. One common ground for rejecting a trademark application is that the word is too descriptive of the goods to which it is applied. Such a mark is not permitted to be registered because it removes the word from general use.

Federal trademark registrations are valid for ten years and can be renewed for like periods, provided the mark is constantly used. Failure to use a mark in commerce can cause the rights in the mark to be lost. During the fifth year of a registration and before the beginning of the sixth year a statement of use must be filed to continue the registration in force.

The use of the registration symbol ® with a mark indicates that it is federally registered. The symbol "TM" is often used with unregistered trademarks to give notice to the public that the user is staking out a claim in the symbol as a trademark, but such use is optional. The symbol "SM" may similarly be used to designate an unregistered service mark.

Maintaining a Trademark

A trademark needs policing. Unchecked infringing activity or use of the trademark itself as a descriptive word may cause the trademark to lose significance in the market place as a source indicator and thus lose value as a trademark. A trademark should be used only as an adjective, never as a noun. In addition, the marketplace should be kept free of confusingly similar trademarks.

Trademark Infringement

Trademark Infringement arises when any person who without the permission of the trademark owner uses in commerce:

> "any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale,

> distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive."

In order to determine if there is trademark infringement the first step is to "look to see whether plaintiff's mark merits protection." *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir. 2006). The burden of proof to show there is a valid trademark is on the person claiming trademark rights. See *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 406-07 (2d Cir. 2005) where the Second Circuit stated:

> In order to prevail on a trademark infringement claim for registered trademarks, pursuant to 15 U.S.C. § 1114, or unregistered trademarks, pursuant to 15 U.S.C. §1125(a)(1), a plaintiff must establish that (1) it has a valid mark that is entitled to protection under the Lanham Act …. (footnotes omitted)

In determining whether a trademark merits protection the Court must determine if the mark is distinctive. The trademark owner can show that the trademark is inherently distinctive, or it can show that the mark has acquired, through use, secondary meaning in the public eye. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210-11 (2000).

Secondary Meaning

The Second Circuit has held in *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012) that a single color such as red is not inherently distinctive. Accordingly, "[i]n the case of a single-color mark, therefore, distinctiveness must generally be proved by demonstrating that the mark has acquired secondary meaning." *Christian Louboutin S.A*, at 696 F.3d 225-26. The Second Circuit relied on *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982) where the Supreme Court stated at footnote 11 on page 851 that:

> To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product

> feature or term is to identify the source of the product, rather than the product itself.

To prove secondary meaning you can use surveys showing that the mark is associated with a single source. Advertising directing the consuming public to the trademark and drawing an association with the trademark owner is useful as well. In *Christian Louboutin S.A,*. the Second Circuit described the evidence before it on the issue of secondary meaning as follows at pages 226-27:

> The record before the District Court included extensive evidence of Louboutin's advertising expenditures, media coverage, and sales success, demonstrating both that Louboutin has created a "symbol" within the meaning of *Qualitex*, and that the symbol has gained secondary meaning that causes it to be "uniquely" associated with the Louboutin brand . . . “Louboutin invested substantial amounts of capital building a reputation and good will, as well as promoting and protecting Louboutin's claim to exclusive ownership of the mark as its signature in women's high fashion footwear." And there is no dispute that Louboutin's efforts were successful "to the point where, in the high-stakes commercial markets and social circles in which these things matter a great deal, the red outsole became closely associated with Louboutin," and where unsolicited media attention to that red sole became rampant. (citations omitted)

The Second Circuit also noted that there were a number of consumer surveys as well. *Christian Louboutin S.A*, 696 F.3d at 227.

In re Owens-Corning Fiberglas Corporation, 774 F.2d 1116, 1125 (Fed. Cir. 1985) the evidence before the Court on the issue of secondary meaning included:

> OCF submitted extensive affidavit and documentary evidence. Joseph Doherty, OCF's Vice President of Marketing Communications, averred that OCF has advertised the "pink" color mark as applied to fibrous glass residential insulation since 1956; that OCF spent approximately $42,421,000 on consumer advertising for its "pink" insulation in the media of television, radio, newspapers, and consumer magazines during

> the period of 1972 through 1981, with an estimated expenditure of $11,400,000 in 1981 alone; and that additional sums were spent on brochures, displays, and other promotional items that highlighted the "pink" color as applied to applicant's insulation.

There was also extensive evidence of advertising pink for insulation on network television and radio advertisements. *Owens-Corning Fiberglas Corporation*, 774 F.2d at 1126-27. But see In Birtcher Electro Med. Systems v. Beacon Laboratories, 738 F.Supp 417 (D. Colo. 1990),

> In promoting its device, Birtcher spent over three million dollars. Birtcher advertised by direct mailings to hospitals, attended medical supply conventions advertised through the press and engaged in other efforts to place its product prominently in the marketplace. However, because Birtcher failed to use the marks as trademarks, the evidence of promotional expenditure is not persuasive to establish secondary meaning.

Likelihood of Confusion

The Second Circuit set forth the test for determining whether there is a likelihood of confusion between two trademarks in *Polaroid Corp. v. Polarad Electronics, Corp*., 287 F.2d 492 (2d Cir. 1961). See also *Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 119 (2d Cir. 2001). These factors are as follows:

> "(1) strength of the trademark;
> (2) similarity of the marks;
> (3) proximity of the products and their competitiveness with one another;
> (4) evidence that the senior user may "bridge the gap" by developing a product for sale in the market of the alleged infringer's product;
> (5) evidence of actual consumer confusion;

(6) evidence that the imitative mark was adopted in bad faith;
(7) respective quality of the products; and
(8) sophistication of consumers in the relevant market.

<u>Actual Confusion</u>

Where a second-comer acts in bad faith and intentionally copies a trademark or trade dress, a presumption arises that the copier has succeeded in causing confusion. See *Paddington Corporation v. Attiki Importers & Distributors*, 996 F.2d 577, 586 (2nd Cir. 1993) "actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to the source." *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 459 (2d Cir. 2004) (quoting *Lois Sportswear U.SA. Inc v. Levi Strauss & Company*, 799 F.2d 867, 875 2d.Cir (1986).

Defendant's Good Faith in Adopting its Own Mark

"In this Circuit and others numerous decisions have recognized that the second-comer has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer." *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 758 (2 Cir. 1960).

Unfair Competition under Federal Law

Section 43(a)(1)(A) of the Lanham Act, prohibits the use of "any word, name, symbol or device… which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another

person." 15 U.S.C. § 1125(a)(1)(A). Section 43(a) of the Lanham Act extends protection to trademarks.

To prove an infringement claim under Section 43(a)(1), Plaintiff must show that it owns a valid trademark and that, without authorization, Defendants used a trademark that is likely to cause confusion as to the origin or sponsorship of Defendants goods.

Permanent Injunctive Relief

Preliminary and permanent injunctive relief is available to remedy trademark infringement and the other violations established in Plaintiff's Complaint. *See, e.g.*, 15 U.S.C. § 1116(a). To be entitled to a permanent injunction, Plaintiff "must demonstrate irreparable harm and the absence of an adequate remedy at law." *Kingvision PayPerView Ltd. v. Lalaleo*, 429 F.Supp. 2d 506, 516 (E.D.N.Y. 2006) (citing *Rondeau v. Mosinee Paper Corp.*, 422 U.S. 49, 57 (1975)).

Irreparable injury is established in a trademark infringement case where there is "any likelihood that an appreciable number of ordinary prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." *Lobo Enter, Inc. v. Tunnel, Inc.*, 822 F.2d 331, 333 (2d Cir. 1987).

Costs

Section 35(a)(3) of the Lanham Act, 15 U.S.C. § 1117(a)(3), provides that a successful plaintiff is entitled to recover the costs of the action. Costs are recoverable even without a showing of bad faith or willful infringement. *Sara Lee Corp. v. Bags of N.Y., Inc.*, 36 F.Supp. 2d 161, 170-71 (S.D.N.Y. 1999).

Attorneys' Fees

Section 35(a) of the Lanham Act provides that a plaintiff prevailing under Section 43(a) of the Lanham Act may receive an award of reasonable attorneys' fees "in exceptional cases." 15 U.S.C. § 1117(a). The Second Circuit has held that attorneys' fees should be awarded upon evidence of fraud or bad faith. *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 194 (2d Cir. 1996). Attorneys' fees may be awarded in cases of default. *E.g., Chanel, Inc. v. Doubinine*, No. CV-04-4099 (CPS), 2008 WL 4449631, at *7 (E.D.N.Y. Oct. 2, 2008); *Guishan, Inc. v. Scooby Scraps, Inc.*, No. 08-CV-2684 (BMC)(RER), 2008 WL 4276579, at *3 (E.D.N.Y. Sept. 16, 2008).

Damages

15 U.S.C. § 1114 sets forth the remedies for trademark infringement. This statute provides in pertinent part as follows:

> (1) Any person who shall, without the consent of the registrant—
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; …
> shall be liable in a civil action by the registrant for the remedies hereinafter provided. ...

Under 15 U.S.C. § 1117 a trademark owner is entitled to defendants' profits:

> § 1117. Recovery for violation of rights
> (a) Profits; damages and costs; attorney fees
> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to

> recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

In calculating defendants' profits, the statute states that plaintiff merely must show defendants' sales:

> In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount.

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