


International Intellectual Property

- slides for module 5
- International Copyright



Copyright and Related Rights

- “A Tale of Two Copyrights”

	Copyright		Author's rights
Origins	Common law		Civil law
Primary policy orientation	Instrumentalist – incentive for creativity and production of a wide variety of works		Natural rights and the inherent right of an author to the fruit's of her intellectual endeavors
Exemplary areas of difference	Work for hire		Moral rights - right of attribution - right of integrity
“neighboring rights”	No separate concept of “neighboring rights” - “works of authorship” - but, US law provides unique rules applicable to broadcasting and phonorecords		“neighboring rights” for producers of phonographs, broadcasters, and performers (not considered “authors”)



Copyright and Related Rights



- Copyright treaties
 - Berne
 - Original formation in 1886
 - US did not accede until 1989-90
 - Universal Copyright Convention (UCC)
 - US led effort in 1950s to establish minimum protection
 - “tuned” to US law – Berne members viewed it as retrogressive
 - Effectively ended US “working” requirement for protection of foreign works in bilateral arrangements
 - Berne & UCC
 - Neither deal with rights of performers or producers of sound recordings
 - Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcast Organizations
 - Minimum rights
 - National treatment
 - BUT – US is not a member



Copyright and Related Rights



- Berne
 - Works protected
 - any original production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression.
 - Derivative works receive the same protection as originals (Art. 2(3))
 - Protection of some categories of works is optional
 - Rights protected
 - the right of translation (Article 8),
 - the right of reproduction in any manner or form, which includes any sound or visual recording, (Article 9),
 - the right to perform dramatic, dramatico-musical and musical works (Article 11),
 - the right to broadcasting and communicating to the public by wire, by broadcasting or by loudspeaker or any other analogous instrument of the broadcast of the work (Article 11bis),
 - the right of public recitation (Article 11ter),
 - the right of making adaptations, arrangements or other alterations of a work (Article 12) and
 - the right of making the cinematographic adaptation and reproduction of a work (Article 14)
 - Certain types of “fair use” are available



Berne Convention Implementation Act



- original Berne Convention:
 - five objectives
 - (1) the development of copyright laws in favor of authors in all civilized countries;
 - (2) the elimination over time of basing rights upon reciprocity;
 - (3) the end of discrimination in rights between domestic and foreign authors in all countries;
 - (4) the abolition of formalities for the recognition and protection of copyright in foreign works; and
 - (5) ultimately, the promotion of uniform international legislation for the protection of literary and artistic works
 - Two cardinal principles
 - The Union
 - National Treatment
 - Other considerations
 - Independence of rights
 - Rights not contingent on formalities (registration, deposit, notice, publication)



Berne Convention Implementation Act



- 1908 Berlin Act. The principal achievement of the Berlin Revision Conference was the **prohibition of formalities** as a condition of the enjoyment and exercise of rights under the Convention.
- 1928 Rome Act. This revision was the first to recognize expressly the “**moral rights**” of authors: the right to claim authorship of a work and the right to object to modifications of the work which prejudiced the honor or reputation of the author.
- 1948 Brussels Act. This revision established the **term of protection** of life of the author and fifty years *post mortem as mandatory*. It added [other] improvements in copyright protection
- 1967 Stockholm Act. For the first time, the implicit **right of reproduction** was expressly established in the Convention and special rules governing **exceptions** to that right were also included. . . . Finally, this revision established a “Protocol Regarding Developing Countries,” which would have allowed developing countries broadly to limit rights of translation and reproduction. The 1967 Stockholm Act has not and will not come into force. It has effectively been superseded by the 1971 Paris Act.
- 1971 Paris Act. The 1971 Paris Act of Berne—the only Act now open to accession—is essentially the 1967 Stockholm Act with significant revisions made to the Protocol Regarding Developing Countries.



Berne Convention Implementation Act



- Berne and developing countries
- Berne and international trade
 - Difficulty in US negotiating position when pushing for stronger IP protection in bilateral agreements when the US did not belong to Berne
 - The US has placed trade-related aspects of IP into the GATT Uruguay round of negotiations
 - Need Berne adherence to leverage these negotiations
 - Since US joined membership has risen from 77 to 160 countries
 - Renders UCC practically irrelevant



Author's Rights versus Copyright – “moral rights” example



- “moral rights”
 - Right of Disclosure
 - Publish the literary or artistic work, or not
 - Right to correct or withdraw works previously disclosed to the public
 - Subject to indemnification for the loss that the correction or retraction may cause the holder
 - Right of Attribution
 - Have the work attributed to its author or artist
 - Right of Integrity
 - Object to modifications of the work



Author's Rights versus Copyright – “moral rights” example		
	Berne	US Copyright Law (excluding VARA)
Disclosure	Art. 3(b)(3): "published works" means works published with the consent of their authors	Reproduction, display and performance right?
Correct/Withdraw	Not in Berne directly, possibility that it exists in local law recognized in Berne Appendix, Art. II(8): No license shall be granted under this Article when the author has withdrawn from circulation all copies of his work.	Termination of transfer provisions of 17 U.S.C. §203
Attribution	Art. 6 ^{bis} (1): Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to - claim authorship of the work	Reproduction, display and performance right? Lanham Act unfair competition law
Integrity	and to - object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.	Derivative works right? Lanham Act unfair competition law

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Author's Rights versus Copyright – “moral rights” example	
<ul style="list-style-type: none"> ● BUT <ul style="list-style-type: none"> ● TRIPS exempts Berne Art. 6^{bis} from mandatory coverage ● TRIPS Art. 9(1): <ul style="list-style-type: none"> ● Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6^{bis} of that Convention or of the rights derived therefrom. 	

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Author's Rights versus Copyright – “moral rights” example



- VARA – 17 USC §106A - Rights of certain authors to attribution and integrity

a) Rights of Attribution and Integrity. - Subject to section 107 and independent of the exclusive rights provided in section 106, the author of a **work of visual art** -

(1) shall have the right -

(A) to claim authorship of that work, and

(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

(2) shall have the **right to prevent the use** of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation; and

(3) subject to the limitations set forth in section 113(d)[EXCEPTION FOR THE WHEN THE WORK IS INCORPORATED INTO THE STRUCTURE OF A BUILDING],

shall have the right -

(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent **any destruction of a work of recognized stature**, and any intentional or grossly negligent destruction of that work is a violation of that right.



Author's Rights versus Copyright – “moral rights” example



- VARA – 17 USC §106A - Rights of certain authors to attribution and integrity

(b) Scope and Exercise of Rights. - Only the author of a work of visual art has the rights conferred by subsection (a) in that work, **whether or not the author is the copyright owner.**

(c) Exceptions. - (1) The modification of a work of visual art which is a result of the **passage of time or the inherent nature of the materials** is not a distortion, mutilation, or other modification described in subsection (a)(3)(A).

(2) The modification of a work of visual art which is the result of conservation, or of the public presentation, including lighting and placement, of the work is not a destruction, distortion, mutilation, or other modification described in subsection (a)(3) unless the modification is caused by gross negligence.

(3) [The rights only apply to the original - not to **reproductions or when the work is a work for hire**]

(d) Duration of Rights. - (1) . . . endure for a term consisting of the **life of the author.**

. . .



Author's Rights versus Copyright – “moral rights” example



- VARA – 17 USC §106A - Rights of certain authors to attribution and integrity

(e) Transfer and Waiver. - (1) The rights conferred by subsection (a) **may not be transferred**, but those rights may be waived if the author expressly agrees to such waiver in a written instrument signed by the author. . . .
[T]he waiver shall apply only to the work and uses so identified. . . .

(2) Ownership of the rights conferred by subsection (a) with respect to a work of visual art is distinct from ownership of any copy of that work, or of a copyright or any exclusive right under a copyright in that work. Transfer of ownership of any copy of a work of visual art, or of a copyright or any exclusive right under a copyright, shall not constitute a waiver of the rights conferred by subsection (a). Except as may otherwise be agreed by the author in a written instrument signed by the author, a waiver of the rights conferred by subsection (a) with respect to a work of visual art shall not constitute a transfer of ownership of any copy of that work, or of ownership of a copyright or of any exclusive right under a copyright in that work.



Author's Rights versus Copyright – “moral rights” example



35 USC 101:

A "work of visual art" is -

(1) a **painting, drawing, print, or sculpture**, existing in a single copy, in a limited edition of **200 copies or fewer** that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of **200 or fewer** that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or

(2) a **still photographic image produced for exhibition purposes only**, existing in a single copy that is signed by the author, or in a limited edition of **200 copies or fewer** that are signed and consecutively numbered by the author.

A work of visual art does not include -

(A)(i) any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;

(ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container;

(iii) any portion or part of any item described in clause (i) or (ii);

(B) any work made for hire; or

(C) any work not subject to copyright protection . . .



Huston v. Turner (French Cour de Cassation) [1992]

- Location of court?
- Issue?
- Law applied?
- Is this law mandatory or optional?
- Can parties opt out of this law?
- Who has which rights?
 - Huston – director/author
 - Turner - producer
- Should the court “oust” American law and the contracts between the parties?



Carter v. Helmsley-Spear (2d 1995)

- 3 artists (Jx3) versus owner company and management company (Mgmt) of a building in Queens, NY
- Agreement
 - 1 (plus 1) year to “design, create and install sculpture”
 - Copyrights to artists, royalty to Mgmt
- Walk through sculpture in building lobby
- New Mgmt company – wants to remove sculpture
- Dist court – grants injunction



Carter v. Helmsley-Spear (2d 1995)



- Moral rights – two conceptions of purpose
 - Public interest in preserving culture
 - Prohibit destruction
 - Emphasize the author's personality
- Gilliam (2d 1976) [pg. 1107]
- VARA rights
 - Integrity
 - Attribution
 - For “recognized stature,” prevent destruction
- Analysis steps
 - Single work?
 - Visual art?
 - Work made for hire?



Carter v. Helmsley-Spear (2d 1995) [+ = for artist]



- Agency Test – for “employee” or “scope of employment”
 - consider “the hiring party’s **right to control the manner and means+** by which the product is accomplished”
 - look at nonexhaustive list of factors to determine this, no one factor is determinative.
 - the **skill+** required
 - the source of the instrumentalities and tools
 - the location of the work
 - the duration of the relationship between the parties
 - whether the hiring party has the **right to assign additional projects** to the hired party
 - the extent of the hired party's discretion over when and how long to work
 - the method of payment
 - the hired party's role in hiring and paying assistants
 - whether the work is part of the regular business of the hiring party
 - whether the hiring party is in business
 - the provision of **employee benefits**
 - and the **tax treatment** of the hired party



WTO DSB – US 110(5) “Home Style” Exception (2000)



- 17 USC §110(5)
 - Notwithstanding the provisions of section 106, the following are not infringements of copyright:

(5) (A) except as provided in subparagraph (B), communication of a transmission embodying a performance or display of a work by the public reception of the transmission on a **single receiving apparatus of a kind commonly used in private homes, unless** -

- (i) a direct **charge** is made to see or hear the transmission;
- or
- (ii) the transmission thus received is **further transmitted** to the public;

(B) communication **by an establishment** of a transmission or retransmission embodying a performance or display of a **nondramatic musical work** intended to be received by the general public, originated by a radio or television broadcast station licensed as such by the Federal Communications Commission, or, if an audiovisual transmission, by a cable system or satellite carrier, if -

- (i) in the case of an establishment other than a food service or drinking establishment, [PARAMETERS - size & equipment]
- (ii) in the case of a food service or drinking establishment, [PARAMETERS - size & equipment]
- (iii) **no direct charge** is made to see or hear the transmission or retransmission;
- (iv) the transmission or retransmission is **not further transmitted** beyond the establishment where it is received; and
- (v) the transmission or retransmission is licensed by the copyright owner of the work so publicly performed or displayed;



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Subparagraph (B) – the “business” exception
- Below particular sizes for each type of business, any equipment can be used
- Above these sizes, the establishment must meet the equipment specifications

§110(5)(A)	§110(5)(B)
As to musical works, anything else, i.e., that is not a nondramatic musical work	Nondramatic musical works
music that is part of an opera, operetta, musical or other similar dramatic work when performed in a dramatic context EXAMPLE: a communication of a broadcast of a dramatic rendition of the music written for an opera	Includes individual songs taken from dramatic works when performed outside of any dramatic context EXAMPLE: an individual song taken from a musical and played on the radio

- Role of collective management organizations
 - ASCAP, Broadcast Music, Inc., and SESAC, Inc.



WTO DSB – US 110(5) “Home Style” Exception (2000)



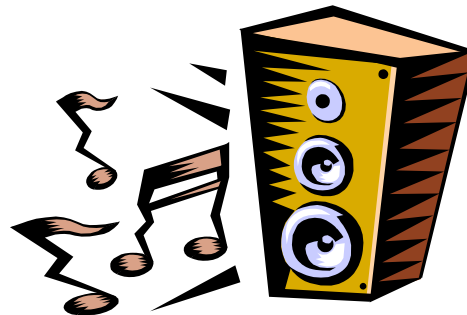
- Does 17 USC §110(5) conflict with Berne Art. 11bis(1)(iii) and Art. 11(1)(ii) as incorporated into the TRIPS agreement?
- If so, do the TRIPS “Limitations and Exceptions” save §110(5)?

<p>Primary EC claim Berne Art. 11bis(1)(iii)</p>	<p>Secondary claim Berne Art. 11 (1)(ii)</p>
<p>Authors of literary and artistic works shall enjoy the exclusive right of authorizing:</p> <p>(i) the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images;</p> <p>(ii) any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one;</p> <p>(iii) the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.</p>	<p>Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorizing:</p> <p>(i) the public performance of their works, including such public performance by any means or process;</p> <p>(ii) any communication to the public of the performance of their works.</p>

WTO DSB – US 110(5) “Home Style” Exception (2000)



- TRIPS Art. 13
 - Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder
- Is this a Limitation or Exception that saves §110(5)?



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Minor Exceptions doctrine
 - Status under Berne?
 - Doctrine exists under Berne as to Art. 11bis(1)(iii) & 11(1)(ii) for various reasons
 - Introduction of these two provisions occurred simultaneously with the 1948 Brussels Act General Report expressly mentioning the doctrine
 - The doctrine is substantively related to the scope of the rights covered by these two provisions
 - There was an “agreement” among all parties at the Brussels Act conference because the General Report reflected the express mentioning that the Rapporteur-General was “entrusted to expressly mention” minor exceptions – see Vienna Convention 31(2)(a) & 31(3)
 - Text of the provisions has remained essentially unchanged since the Brussels conference
 - State practice – various countries implemented various minor exceptions
 - Counter-argument – why not adopt the doctrine into the Berne text?
 - Delegates did not want to embolden those countries with existing national law minor exceptions
 - For example (referred to in the Brussels Act General Report) – religious ceremonies, military bands, child and adult education
 - Other examples - hotels, guest houses, charitable purposes, no fee if the performance is not the main feature of the event . . . 583-84 n.67.



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Vienna Convention - Article 31
- General rule of interpretation
- 1. A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.
- 2. The context for the purpose of the interpretation of a treaty shall comprise, in addition to the text, including its preamble and annexes:
 - (a) any agreement relating to the treaty which was made between all the parties in connexion with the conclusion of the treaty;
 - (b) any instrument which was made by one or more parties in connexion with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty.
- 3. There shall be taken into account, together with the context:
 - (a) any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions;
 - (b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation;
 - (c) any relevant rules of international law applicable in the relations between the parties.
- 4. A special meaning shall be given to a term if it is established that the parties so intended.



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Scope of the Minor Exceptions doctrine
 - Examples in Brussels and Stockholm conferences are illustrative
 - State practice is varied and illustrative
 - Many uses are minimal and not for profit, but the minor exceptions doctrine is not limited to only exclusively non-commercial use of works
 - And, there may be cases where the doctrine covers uses that has more than negligible economic impact on copyright holders
 - Touchstone is that the national law exception be for a truly *minor* use



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Is the Minor Exceptions doctrine incorporated into TRIPS?
 - The doctrine provides part of the Vienna Convention 31(2)(a) context of Berne Art. 11 and 11bis
 - No indication in TRIPS of any intent to exclude such context or “acquis”
 - When, in one instance, moral rights of 6bis, TRIPS did explicitly indicate that this item was not an incorporated obligation
 - During Uruguay Round negotiations a “Scope of Rights” document acknowledged “minor exceptions”
 - One should avoid interpreting TRIPS to conflict with Berne
 - Thus, it is incorporated



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Scope of TRIPS Art. 13
 - Derived from and similar to Berne Art. 9(2), which applied only to the reproduction right
- Three part test for Art. 13
 - certain special cases
 - which do not conflict with a normal exploitation of the work and
 - do not unreasonably prejudice the legitimate interests of the right holder
- But – the test “cannot have more than a narrow or limited operation”



WTO DSB – US 110(5) “Home Style” Exception (2000)



- “certain special cases”
 - Member defined or well-defined and narrow?
 - If the purpose of the exception is relevant, is any specific policy sufficient, or are only certain purposes/policies legitimate?
 - Interpretation
 - certain – means clearly defined but not necessarily enumerated
 - special – means limited in field of application or scope, narrow in a quantitative and qualitative sense, narrow scope with exceptional or distinctive objective
 - a limitation or exception may be compatible with the first condition ***even if it pursues a special purpose whose underlying legitimacy in a normative sense cannot be discerned.*** The wording of Article 13’s first condition does not imply passing a judgment on the legitimacy of the exceptions in dispute. However, ***public policy purposes stated by law-makers when enacting a limitation or exception may be useful from a factual perspective for making inferences about the scope of a limitation or exception or the clarity of its definition.***



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Application of “certain special cases”
 - Subparagraph (B) “business” exception
 - Clearly defined because of the 110(5) parameters, or not certain & special because so many types of businesses can use the exception
 - It is probably a “certain” exception, the issue is whether it is “special”
 - Percentages of establishments that fall within the size limits [pg. 592-93]
 - EC notes that, based only on the size parameter, approximately 70% of eating and drinking establishments and 45% of retail establishments are **potential** users of 110(5)
 - Percentages would be higher considering equipment type parameter
 - Court holds that it is the **scope of potential users** that informs whether the exception is “special”
 - This is too broad, not a “certain special case” exception
 - The Brussels Act Berne conference documents stated that Art. 11bis(1)(iii) [loudspeaker] was designed to cover places where people met



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Application of “certain special cases”
 - Subparagraph (A) exception
 - Is “a single receiving apparatus of a kind commonly used in private homes” certain? Or, is it a moving target due to technology development?
 - How did US courts implement it under the original 1976 Act wording?
 - The phrase is sufficiently certain given the history of US courts applying it
 - Even if equipment changes over time or from country to country
 - Meaning of “certain” did not require enumeration of all instances
 - The potential users or beneficiaries “is limited to a comparably small percentage of all eating, drinking and retail establishments in the United States” [pg. 597]
 - Exception is also narrow and “special” because subparagraph (A) covers a lesser scope of music – dramatic works
 - Whereas subparagraph (B) covers most music played on the radio or TV
 - While statements of policy are not requirement to establish that the exception is “narrow and certain” – the US policy behind the exception is evidence that it is intended to be narrow in scope



WTO DSB – US 110(5) “Home Style” Exception (2000)



- “do not conflict with a normal exploitation of the work”

- interpretation

- Exploit – means extracting economic value from the rights in a work
- Normal – has two connotations (i) empirically what is regular or ordinary, (ii) normatively, what is the type or standard and does it change over time?
- The mere existence of TRIPS Art. 13 means that “normal” means something less than full use of the exclusive right
 - Which rights in the bundle are being exploited?
 - Evaluate rights individually or work as a whole?
- Degree of commercial benefit of the use is relevant, even if listeners are not charged, consider aggregation
- Foregone market is part of the analysis
 - If the exception operates for a use for which the work owner would not typically recoup revenue anyway, then it is more likely to meet the second prong – i.e., not conflict with the normal exploitation of the work



WTO DSB – US 110(5) “Home Style” Exception (2000)



- “do not conflict with a normal exploitation of the work”

- interpretation

- The standard must also consider the potential economically valuable uses of a work and work to reserve these to the owner
- Standard is whether the use enters “into economic competition with the ways that right holders normally extract economic value from that right to the work (i.e., the copyright) and thereby deprive them of **[potential or actual]** significant or tangible commercial gains”
- “Thus we need to take into account those whose use of musical works is free as a result of the exemptions, and also those who may choose to start using broadcast music once its use becomes free of charge”



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Application of “do not conflict with a normal exploitation of the work”
 - Subparagraph (B) “business” exception
 - US argues
 - that the CMOs never effectively exploited this market (administratively difficult), and one particular group license agreements had a similar exception
 - Also, much of this market already exempted by original “homestyle” exception – so no expectation of revenues
 - The court does not want to equate “normal exploitation” with current remuneration practices in licensing
 - The exception could create an incentive for establishments to switch from licensed recorded music to 110(5)(B) covered “free” radio music
 - Administrative challenges to license are the same regardless of the media for distribution
 - Thus, subparagraph (B) does conflict with the **potential** normal exploitation of the works



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Application of “do not conflict with a normal exploitation”
 - Subparagraph (A) exception
 - No licensing mechanisms for “dramatic” musical works
 - Thus, “the homestyle exemption, as limited to works other than nondramatic musical works, could [not] acquire economic or practical importance of any considerable dimension for the right holders of musical works.”
 - Based primarily on the type of music covered by subparagraph (A), it does not conflict with the normal exploitation of the work



WTO DSB – US 110(5) “Home Style” Exception (2000)



- “not unreasonably prejudice the legitimate interests of the right holder”
 - Interpretation
 - Interests – means, progressively, legal right or benefit, potential detriment or advantage, or an item of importance, not necessarily limited to economic advantage or detriment
 - Legitimate – means both lawful and normatively legitimate, i.e., conformable to a recognized standard type
 - Prejudice – means damage or harm
 - Not unreasonable – means a slightly stricter threshold than reasonable
 - Key question here is whether the prejudice is “not unreasonable” because legitimacy of the interests is not in dispute
 - Best proxy for prejudice is to look at effect on economic value, even though this is to some degree incomplete
 - Unreasonable loss of income is the standard



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Application of “not unreasonably prejudice the legitimate interests of the right holder”
 - Subparagraph (B) “business” exception
 - Arguments
 - The EC offers the high percentages of potential users of the exception
 - The US starts with past licensing and tries to reduce that amount by showing in five categories how many potential users could not or would not use 110(5)(B)
 - The court finds an unreasonable prejudice because of the potential for users to start playing the “free” music, or switch from recorded licensed music to “free” music – all to the detriment of the **potential** revenue stream
 - The court’s analysis is predicated on sufficient **product substitutability** comparing recorded music to radio music
 - Also, there is a “chicken and the egg problem”
 - Because of the previously existing “homestyle” exception, licensing revenues may never have built up because there was no legal protection to support them
 - Estimates of annual loss – approx. 100x order of difference
 - US - \$122,000 to \$586,332 - “top-down” - starts with actual CMO payments, only EC rights holders, BUT, does not take into account likely reactions of CMOs to compensate for potential lost revenues in other ways
 - EC - \$53.56 million – “bottom-up” – start with user base, all rights holders
 - Court finds subparagraph (B) to unreasonably prejudice the legitimate interests of the right holder



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Application of “not unreasonably prejudice the legitimate interests of the right holder”
 - Subparagraph (A) exception
 - Does not unreasonably prejudice the legitimate interests
 - No history of any licensing revenues
 - Limited scope of music covered by this subparagraph



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Conclusion summary

		110(5)(B)	110(5)(A)
1.	certain?	yes	yes
	special?	no	yes
2.	conflict with normal exploitation?	yes	no
3.	Legitimate interests	yes	yes
	Not unreasonably prejudice	no	yes
	Conclusion – in conformity with TRIPS Art. 13?	NO	YES



WTO DSB – US 110(5) “Home Style” Exception (2000)



- Implications of the “Home Style” case
 - Does the US Fair Use standard meet the “certain and special” standard?
 - Decision to not evaluate the normative “correctness” of the policy underlying the exception?
 - Option to evaluate relationship between stated policy behind an exception and the means used to implement it (rational? well-tailored? least burdensome?)
 - Can a single US district court decision generously applying the HomeStyle exception put the US in violation of TRIPS?
 - Is subparagraph (A) really as limited in the types of music as the parties stipulated?



TRIPS Exceptions – arising from language of Berne 9(2) exceptions to reproduction right



	Patent TRIPS Art. 30	Copyright TRIPS Art. 13	Trademark TRIPS Art. 17
Evaluated against the specific right(s) infringed - Not the “right” to “work” the patent - Not against the entire © work	Members may provide limited exceptions	Members shall confine limitations or exceptions to exclusive rights to certain special cases	Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms
Evaluating the right economically	Not unreasonably conflict with the normal exploitation of the right	[SAME]	
	Not unreasonably prejudice the legitimate interests of the right owner	[SAME]	take account of the legitimate interests of the owner of the trademark
	Taking into account the legitimate interests of third parties		and of third parties
	Technology antidiscrimination rule – any inventions in all fields of technology (TRIPS Art. 27.1)		



Verstrynge: The EU Commission's Direction on Copyright and Neighboring Rights (1993)

- Progression of EU efforts to harmonize protection of copyright in the context of creation of the internal market
- 1957 to 1993
- Centralization of jurisdiction and power to harmonize



Verstrynge: The EU Commission's Direction on Copyright and Neighboring Rights (1993)

- Treaty of Rome – establishing European Economic Community, 1957
 - Art. 36
 - The provisions of Articles 30 to 34 [eliminating or limiting quantitative restrictions on imports/exports, quotas or measures within the community, and requiring equality of treatment among members] shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or **the protection of industrial and commercial property**. Such prohibitions or restrictions shall not, however, constitute a means of **arbitrary discrimination or a disguised restriction** on trade between Member States.
 - versus
 - Art. 30
 - no quantitative restrictions on goods
 - Art. 56
 - “restrictions on freedom to provide services within the Community shall be progressively abolished“



Verstrynge: The EU Commission's Direction on Copyright and Neighboring Rights (1993)



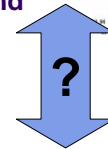
- 1987 – Single European Act
 - Amendment to treaty to progressively establish the internal market before 1992
 - Harmonization legislation under Art. 100a allowed for greater community control over IP harmonization
 - For example, software protection harmonized under a copyright model via EU directive in 1991
 - Jurisdictional implications
 - Establishment of internal market is fundamental grounding for the Community's jurisdiction
 - Community possesses exclusive external jurisdiction whenever internal jurisdiction exists
 - When a new regulation or directive is adopted, the Community is the only body entitled to deal with similar issues internationally
 - Potential jurisdiction – area not yet harmonized, but power to do so clearly exists
 - Example – WTO / TRIPS signatories



Verstrynge: The EU Commission's Direction on Copyright and Neighboring Rights (1993)



- Harmonization – upwards or downwards?
 - “neutral” harmonization because only goal is to implement an internal market
 - But, to bring everyone to the same level or strength of protection requires community wide decisions about that level
- EU policy papers
 - White Paper on internal market (1985)
 - Green Paper on Copyright (1988)
 - Addition to the Green Paper (1990)
 - Protecting copyright ensures that creativity is sustained and developed
 - Neighboring rights (performers, producers, broadcasters) support these objectives – provide proper return
 - Must strengthen copyright and neighboring rights, comprehensively
 - Commission President on the Addition's approach
 - “culture could not be treated as any other product such as refrigerators or cars”
- “lower levels of protection jeopardize this cultural requirement”
 - Thus, harmonization must choose higher levels of protection



Interaction of © and the Internal Market – Warner Bros. (ECJ 1988)

- Art. 222
 - This Treaty shall in no way prejudice the rules in Member States governing the system of property ownership.
- Issue:
 - Must . . . Articles 30 and 36, in conjunction with Article 222 of the Treaty, be interpreted as meaning that the owner of exclusive rights (copyright) in a video recording which is **lawfully put into circulation** by the owner of the exclusive right or with his consent **in a Member State under whose domestic copyright law it is not possible to prohibit the (resale and) hiring-out** of the recordings **is prevented from restraining the hiring-out of the video recording in another Member State** into which it has been lawfully imported, where the copyright law of that State allows such prohibition without distinguishing between domestic and imported video recordings and without impeding the actual importation of video recordings?

Bond travels from London to Copenhagen . . . and gets into trouble again!



ECJ



Interaction of © and the Internal Market – Warner Bros. (ECJ 1988)

- Rights in Denmark exist only due to importation
- The Denmark rental right has “an effect equivalent to a quantitative restriction in imports, which is prohibited by Article 30”
- Is Denmark’s law justifiable under Art. 36?
 - Danish rental right applies regardless of origin of tape
 - The recognition that cinematographic works are rightfully commercially exploited
 - There is an emerging market for video rental
 - THUS, Denmark’s law is presumptively valid under Art. 36
- Christiansen cites precedent to say that the “author” – Warner Bros. – choose to market the work in England, knowing England’s laws provided no rental right
 - Thus, Warner must accept the consequences of this, namely exhaustion of rights upon the sale
- Post-Warner developments
 - 1992 EU Rental Rights Directive



ECJ



Non-Discrimination – Related Rights



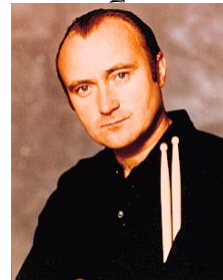
- From the WIPO Website:
 - **Related rights are the rights that belong to the performers, the producers of phonograms and broadcasting organizations in relation to their performances, phonograms and broadcasts respectively.**
- Related rights differ from copyright in that they belong to owners regarded as intermediaries in the production, recording or diffusion of works. The link with copyright is due to the fact that the three categories of related rights owners are auxiliaries in the intellectual creation process since they lend their assistance to authors in the communication of the latter's works to the public. A musician performs a musical work written by a composer; an actor performs a role in a play written by a playwright; producers of phonograms -- or more commonly "the record industry" -- record and produce songs and music written by authors and composers, played by musicians or sung by performers; broadcasting organizations broadcast works and phonograms on their stations.
 - At the **international level**, related rights are conferred by the **International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations**, better known as the "Rome Convention". This Convention was adopted in 1961 and has not been revised since. It is jointly administered by the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Labour Organization (ILO) and WIPO.
- The 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (or TRIPS Agreement), which is administered by the World Trade Organization (WTO), incorporates or refers to this international protection.



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- Mr. Collins
 - Imtrat sold copies of "bootlegged" California concert in Germany
 - US not a member of Rome Convention
 - §75 UrhG – (i) performance may not be recorded w/out consent, (ii) recordings may not be reproduced w/out consent
 - §125 UrhG – subsection (1), German nationals protected by §75, but under subsections (2) & (5), foreign nationals are only protected for performances in Germany or covered by an international treaty
- Mr. Richard
 - EMI holds exclusive rights for German exploitation of certain Cliff Richard performance recordings
 - Performances first published in UK in 1958/59
 - Performances were before entry into force of the Rome Convention (1966)
 - Patricia (an entity) is distributing phonograms containing recordings of these performances



www.cliffrichard.org



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- Common question for both cases
 - Is copyright subject to Art. 7(1) EEC?
 - Any discrimination on grounds of nationality shall be prohibited (current Art. 6)
 - If so
 - Does it require the same protection regardless of the place of performance?
 - Is it compatible to attach further conditions?
- Anti-discrimination principle reinforced by EEC treaty
 - Art. 36 – certain prohibitions or restrictions allowed, so long as they are not **arbitrary discrimination or a disguised restriction**
 - Art. 52(2) – self-employment freedom - “right of establishment”
 - Art. 60(3) – temporary service activity in a member State
- Recourse to Art. 7 as “gap-filler” only when none of the more specific provisions prohibiting discrimination is applicable



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- The fundamental purpose of the Treaty is to achieve an integrated economy in which the factors of production, as well as the fruits of production, may move freely and without distortion, thus bringing about a more efficient allocation of resources and a more perfect division of labour. The greatest obstacle to the realisation of that objective was the host of discriminatory rules and practices whereby the national governments traditionally protected their own producers and workers from foreign competition. Although the abolition of discriminatory rules and practices may not be sufficient in itself to achieve the high level of economic integration envisaged by the Treaty, it is clearly an essential prerequisite.



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- On the strength of the anti-discrimination principle, “whichever way a performing artist chooses to exploit his performances for commercial gain in another member State” the artist is covered by Community law
 - Consistent with other types of anti-discrimination cases
- Harms to artist of unauthorized sale of recordings
 - Loss or royalty revenue
 - Loss of power to control the quality of the recordings
 - Which, if technically inferior, may adversely affect his reputation
 - Which “moral right” does this sound like?
 - Also a harm to the consumer – performer’s rights operating like a mark
- Thus, this reasoning supports that Germany’s differing treatment is in violation of EEC Art. 7



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- Imtrat’s counter-arguments
 - Collin’s performance took place outside of Germany
 - rhetoric of property argument
 - “This Treaty shall in no way prejudice the rules in Member States governing the system of property ownership” EEC Art. 222
 - Court retorts - this article does not authorize granting rights on a discriminatory basis
 - The court finds the first argument irrelevant, and the second overbroad
- Patricia’s counter-arguments
 - Effect of alleged absence of harmonization of EC as to IP?
 - Court says that this absence increases the need for antidiscrimination principle
 - There have been some significant harmonization activities
 - software directive, rental/lending rights directive, Council resolution on increased copyright protection, urging members to become parties to Berne and Rome)
 - Rights management case - rights management company was liable for refusing to manage the rights of foreign performers not resident in Germany (partly based on Art. 7).
 - Rome convention should control – in effect between UK and Germany before EEC treaty!
 - But, EEC Art. 234 solely concerns member to non-member relations
 - Effect of Berne’s “rule of the shorter term” Berne Art. 7(8)?
 - There simply may be some derogation of this rule to apply EEC Art. 7 antidiscrimination principle



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- Rome Convention
 - Article 21 provides:
 - The protection provided for in this Convention shall not prejudice any protection otherwise secured to performers, producers of phonograms and broadcasting organizations.
 - Article 22 provides:
 - Contracting States reserve the right to enter into special agreements among themselves in so far as such agreements grant to performers, producers of phonograms or broadcasting organizations more extensive rights than those granted by this Convention or contain other provisions not contrary to this Convention.
 - The Rome Convention does not prevent Germany from granting performers more extensive protection than the minimum provided for in the Convention. However, Article 7 of the Treaty requires that, if more extensive protection is granted to German performers, the same level of protection should be available to nationals of other member-States.
- Direct effect of EEC Art. 7(1)
 - National courts must apply it to invalidate contrary national laws and also in disputes between persons
- No effect due to factual differences between the two plaintiffs
 - Collins operating for himself, Richard operating via entities
 - Either way, indirect victim of discrimination is performer



Non-Discrimination – Collins v. Imtrat, EMI v. Patricia (ECJ 1993)



- Court's commentary on its role in a "preliminary reference procedure" EEC Art. 234 (old Art. 177) [not available to CFI]
 - Under EEC Art. 117, not interpreting German UrhG law, nor assessing its compatibility with Community law
 - Only providing guidance for national court to apply law to parties
 - The other important ECJ jurisdiction is an Enforcement Action, EEC Art. 226 (old Art. 169) against a member state for failure to fulfill an obligation under Community law.
- Copyright and related rights affect trade in goods and services, as well as competition in the Community, and thus fall within the EEC treaty
 - Rights management case
- There has been sufficient EC activity in the area of IP harmonization
- "differences and distortions" as a result of differing member law are allowable as long as they apply according to objective criteria and without regard to nationality
- There is "direct effect" for EEC Art. 7(1) Antidiscrimination
 - Legislatively, EU Regulations are the "Federal Law of Europe"
 - EU Directives are mandatory commands to implement a law in the member
 - The "direct effect" doctrine is an ECJ doctrine that certain provisions of the treaty and Directives may be treated as directly creating rights in member states, notwithstanding no "transposition" [see footnote, pg. 50]



Gendreau – Copyright Harmonization in EU and North America (1995)



- There was significant harmonization discussions for copyright law as of 1989
- Council Resolution of 1992 for members to adhere to Berne and Rome Conventions
 - Merely a political commitment
 - Does not have the same effect as a Regulation or Directive
- Comprehensiveness of Directives as a form of supranational legislation
- Difficulty of harmonizing copyright in EU with “various conceptions of copyright”
 - copyright and author’s rights systems in place
 - Has resulted in detailed and meticulous instruments



Gendreau – Copyright Harmonization in EU and North America (1995)



- Two metrics to evaluate harmonization progress
 - Time
 - Conformity
- Time
 - EU and North America (NAFTA) use deadlines
 - Deadlines more onerous for EU
 - Lack of action by a state means a trip to the ECJ
 - And, suits by private parties against the state for damages!
 - However, few EU states have met deadlines
- Conformity
 - Approaches – amending copyright law, or enacting new law to implement a free standing directive such as Italy and Belgium with the computer program directive
 - Countries seem to minimally implement (more prevalent), or closely follow the Directive guideline
 - Directives are detailed enough to be directly translated into national law, but are sometimes written to give national legislatures some freedom of action
 - Except for “mathematical aspects” there will be nowhere near perfect harmonization



Caviedes – Should the EU Dictate Int'l © Law Development? (1998)



- Green Paper, 1988; Addition, 1991
 - Tension between authors and those who commercialize
- Directive on Legal Protection of Computer Programs (1991)
 - Three previously existing standards for originality
 - Common Law (UK) – skill, labor and investment (“sweat of the brow”)
 - France and most others – the work must be an author’s personal expression
 - Germany – beyond “personal expression,” the software work had to pass additional qualitative or aesthetic tests
 - Middle option implemented
 - Art. 1(3) – “protected if original in the sense that it is the author’s own intellectual creation. No other criteria shall be applied . . .”
 - Art. 6 – expressly allowed for decompilation in some circumstances to obtain information to achieve interoperability
 - Art. 2(3) – if “work for hire” employer owns all **economic rights**



Caviedes – Should the EU Dictate Int'l © Law Development? (1998)



- Directive on Rental, Lending and Certain Neighboring Rights (1992)
 - Authorize or prohibit rental and lending of originals or copies of
 - Works for authors
 - Fixations of performances for performers
 - Phonograms for phonogram producers
 - Films for film producers
 - Art. 2(2) – others (producers) besides principal director can be film authors
 - Repeats main contents for Rome Convention, and extends it
 - Film producers are not covered by Rome
 - Adds reproduction and distribution rights
 - Art. 9(2) – combats parallel imports by limiting exhaustion of the distribution right to the Community



Caviedes – Should the EU Dictate Int'l © Law Development? (1998)



- Directive on Satellite Broadcasting and Cable Retransmission (1993)
 - Tension between territorial nature of © and transnational nature of broadcasting
 - Prohibits compulsory broadcasting licensing schemes
- Directive on Term of Protection (1993)
 - Increased term from 50 to 70 years after life of the author
 - A basis for later US legislation to extend US copyright term
 - Art. 10(2) – potential to revive works expired at 50 years based on Germany's pre-existing 70 year term
 - Support to do this from Phil Collins case?
 - If so, "prior user" rights insulate from any infringement liability
 - Added photographs to copyrighted works
 - Two "neighboring rights" added
 - 25 years protection for one who publishes a previously unpublished work
 - Option for member states to protect critical and scientific publications of works that have become part of the public domain for up to 30 years



Caviedes – Should the EU Dictate Int'l © Law Development? (1998)



- Directive on the Legal Protection of Databases (1996)
 - Dual scheme – harmonize via ©, and provide sui generis right for aspects of database not protectable via ©
 - Design
 - Chap. II, Art. 3(1) – originality in that database [schema, design, fields, . . .] must be a collection of works or materials which by reason of selection and arrangement, constitute an author's intellectual creation
 - Contents
 - Chap. III, Art. 7(1) – for database contents – right to prevent extraction or re-utilization if substantial investment in obtaining, verifying or presenting the contents
 - Art. 10 – 15 year term after first made public OR after any substantial change to the database is made
 - Art. 11 – reciprocity provision to prod other states to adopt a similar sui generis right
 - TRIPS impacted this directive, caused it to include all databases, not just electronic ones
 - Preamble (17) – "database" means "collections of independent works, data or other materials which are systemically or methodically arranged and can be individually accessed"



Ginsburg – Role of Nat'l © Norms in Era of Int'l © Norms (2000)



- EU Directives, while professing to not regulate all of copyright, mostly preempt the field
 - One exception is ownership rules, harmonized less than they might be
- Information Society Directive (2001)
 - Based on 1996 WIPO Copyright treaty (WCT)
 - Broad reproduction right
 - Broad rights of public communication
 - Exhaustion if sold in EU or by authority of rights holder
 - Implements WCT provisions on technological protections and copyright management information
 - Appears to enumerate limitations and exceptions members may implement (but still subject to Berne “3-step” test, but prohibit no others, and requires equitable compensation
 - Other exceptions states must implement (for example, computer backup)



EU – E-Commerce Directive (2000) – sections on ISP liability



- Art. 12 – Mere Conduit
 - Safe harbor for liability if a mere “carrier”
 - Not initiate, not select receiver, not select or modify the information
 - For automatic, intermediate and transient storage of information as long as stored no longer than reasonable necessary for the transmission
- Art. 13 - Caching
 - Safe harbor for hosting under certain “hands-off” conditions, unless notice and quickly removing or disabling access (i) once initial source removed from network, (ii) access disabled, or (iii) court order
- Art. 14 – Hosting
 - Safe harbor if no knowledge of illegal activity and if upon notice acts expeditiously to remove or disable access to information
- Art. 15 – No general obligation to monitor
 - But, obligation to identify customers upon request from authorities



Perlmutter – Future Directions in Int’l Copyright (1998)



- Two new WIPO “Internet” Treaties
 - WIPO Copyright Treaty (“WCT”)
 - WIPO Performances & Phonograms Treaty (“WPPT”)
 - Provide
 - On-demand electronic dissemination right(s)
 - Right of reproduction is fully applicable in the digital environment
 - Anti-circumvention
 - WIPO Copyright Treaty Art. 11
 - 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.
 - Digital rights management
 - Do not address
 - ISP liability
 - WPPT – does not extend to broadcasters’ rights or the rights of performers in AV fixations
- Today, both treaties have 41 signatories, 30 needed to go into effect
 - Initial “signing” versus ratification

SECTION 1. SHORT TITLE.

This Act may be cited as the “Digital Millennium Copyright Act”.

TITLE I—WIPO TREATIES IMPLEMENTATION

SEC. 101. SHORT TITLE.

This title may be cited as the “WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998”



Perlmutter – Future Directions in Int’l Copyright



- Increasing international compliance
 - “countries may be persuaded that copyright protection will lead to more creation overall, and encourage foreign investment and technology transfer, advancing the domestic culture and economy”
 - Tipping point is when a country becomes an exporter of copyrighted content
- As technology outstrips law’s ability to change and keep pace
 - Simplification of the rights?
 - “a general right to exploit the work in any manner, with an appropriate balance provided through exceptions relating to the purpose and economic effect of a use”
 - “Right of Public Communication” in WIPO Copyright Treaty is an example

Article 8 [WIPO Copyright Treaty]

Right of Communication to the Public

Without prejudice to the provisions of [Articles 11\(1\)\(ii\), 11bis\(1\)\(i\) and \(ii\), 11ter\(1\)\(ii\), 14\(1\)\(ii\) and 14bis\(1\) of the Berne Convention](#), authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.



Perlmutter – Future Directions in Int'l Copyright



- Issues of the future [or of “now”?]
 - Electronic cross-border transfer of works & effect on enforcement?
 - Safe and efficient Internet markets for the licensing and sale of copyrighted works?
 - “protection of the integrity of the information used to make the market function, as required by the new WIPO treaties; protection of the authenticity of the works communicated; adequate and internationally compatible information systems; and the technology to allow permissions to be given and payments to be made electronically”
 - Future of collecting societies?
 - Choice of law for cross-border distribution
 - Prof. Ginsburg’s approach – presume that a country’s laws reflect the international consensus unless parties prove otherwise



Perlmutter – Future Directions in Int'l Copyright



- Process
 - Our copyright bills under scrutiny by our trading partners
 - Intertwining of copyright with other issues – trade, investment, access to government data
- Players
 - Notable addition of the telecommunications industry & providers of internet services generally
 - Developing countries – possibility to “leapfrog” into the most current technology
 - Seeking greater protection than many developed countries, particularly for moral rights, protection for performers, and the protection of folklore
 - Quotes from 1999 Symposiums and Conferences on folklore
 - traditional artistic expressions and traditional knowledge
 - explore possibilities of providing international legal protection for this heritage through the existing regime of treaty norms for intellectual property protection, and the need to devise a new form of international protection that is more specific, more operational and more practicable, and that will achieve a broad consensus among both the developing and the industrialized countries
 - target the priority measures of practical assistance that the international community should take to assist developing countries in their efforts to ensure the legal protection as well as the preservation and conservation of this rich heritage of humanity



WIPO Primer on IP & E-Commerce (2000)

- Is the Internet the world's biggest . . .



E-commerce



Copyright & related rights

- If rightsholders are secure in their ability to sell and license their property over the Internet, they will exploit this market fully and make more and more valuable works available through this medium
- Appropriate limitations and exceptions will continue to safeguard public interest uses



WIPO Primer on IP & E-Commerce

- The most fundamental issue raised for the fields of copyright and related rights is the determination of the scope of protection in the digital environment:
 - how rights are defined, and what exceptions and limitations are permitted
 - Application of the “three-step test” in the digital environment? [TRIPS Art. 13]
 - Certain special cases
 - Do not conflict with the normal exploitation
 - Do not unreasonably prejudice the [owner's] legitimate interests
- Other important issues include
 - how rights are enforced and administered in this environment;
 - who in the chain of dissemination of infringing material can be held legally responsible for the infringement; and
 - questions of jurisdiction and applicable law
- “The answers to these challenges to a great extent will lie in the technology itself”



**Microsoft "Palladium": A Business Overview
Combining Microsoft Windows Features, Personal Computing Hardware, and
Software Applications for Greater Security, Personal Privacy and System
Integrity**

EDITORS' UPDATE, January 25, 2003 -- Microsoft has discontinued use of the code name "Palladium." The new components being developed for the Microsoft® Windows® Operating System, which are described in this article under the code name "Palladium," are now referred to as the next-generation secure computing base for Windows.

August 2002

Abstract

"Palladium" is the code name for an evolutionary set of features for the Microsoft® Windows® operating system. When combined with a new breed of hardware and applications, these features will give individuals and groups of users greater data security, personal privacy, and system integrity.

In addition, "Palladium" will offer enterprise customers significant new benefits for network security and **content protection**.



REDMOND, Wash, July 1, 2002 -- Microsoft launched its Trustworthy Computing initiative earlier this year with an e-mail from Chief Software Architect Bill Gates to the company's 50,000 employees around the world. The memo directed all divisions to make security, privacy, and availability of Microsoft products and services their top priorities in order to increase trust in computing systems. Now, as Microsoft embarks on another initiative -- one that addresses many of the challenges of Trustworthy Computing -- the company seeks the assistance and insight of others in the computing world.

The code name of the initiative is **"Palladium," a moniker drawn from the Greek mythological goddess of wisdom and protector of civilized life.** With "Palladium," Microsoft aims to foster a significant evolution in personal and business computing through the development of a new set of features that will be included in a future version of the Microsoft Windows operating system.

[The Next Generation Secure Computing Base] technologies described in this FAQ are also distinctly separate from Microsoft Windows Rights Management Services (RMS), a new security technology that Microsoft announced in February 2003. RMS works with applications to help safeguard sensitive information such as business documents, e-mails, and line of business applications by providing persistent protection that stays with information no matter where it goes. While some elements of RMS are derived from foundation technology Microsoft developed for use with digital media, RMS should not be confused with DRM technologies as they are described in this paper.



Technology . . .

- Available at:
 - <http://www.pbs.org/cringely/pulpit/pulpit20020627.html>

This is diabolical. If Microsoft is successful, Palladium will give Bill Gates a piece of every transaction of any type while at the same time marginalizing the work of any competitor who doesn't choose to be Palladium-compliant. So much for Linux and Open Source, but it goes even further than that. So much for Apple and the Macintosh. It's a militarized network architecture only Dick Cheney could love.

. . .

Under Palladium as I understand it, the Internet goes from being ours to being theirs. The very data on your hard drive ceases to be yours because it could self-destruct at any time. We'll end up paying rent to use our own data!

Can you tell I think this is a bad idea?



WIPO "Internet" Treaties

- RAM copies as an act of "reproduction"
- Defines rights when works, performances and phonograms are "made available for" downloading
- "agreed statement" allows extension of limitations and extensions by member states into the digital environment
- WPPT agreed statement concerning Art. 16 (which includes WCT agreed statement language):
 - **Agreed statement concerning Article 16:** *The agreed statement concerning Article 10 (on Limitations and Exceptions) of the WIPO Copyright Treaty is applicable mutatis mutandis also to Article 16 (on Limitations and Exceptions) of the WIPO Performances and Phonograms Treaty. [The text of the agreed statement concerning Article 10 of the WCT reads as follows: "It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment.*
 - *"It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention."*]



WIPO "Internet" Treaties

- Technical Adjuncts to Rights
 - **Anti-Circumvention**, WCT Art. 11 (WPPT language is substantially the same)
 - See previous slide and paper handouts for U.S. DMCA implementation
 - **Digital Rights Management**

Article 12 [WCT] [WPPT language, Art. 19, is essentially the same] Obligations concerning Rights Management Information

(1) 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;

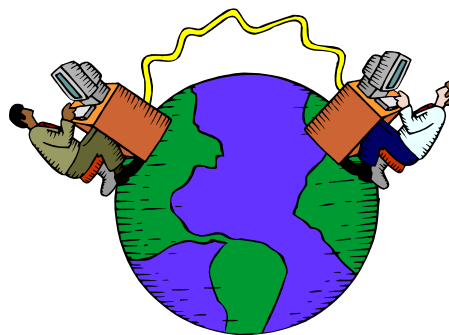
(ii) to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.

(2) As used in this Article, "rights management information" means information which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of use of the work, and any numbers or codes that represent such information, when any of these items of information is attached to a copy of a work or appears in connection with the communication of a work to the public.



WIPO "Internet" Treaties

- The treaties implement certain provisions from TRIPS (the statements are directly included in the Internet treaties, they are not incorporated by reference)
 - Computer programs and databases
- Both include rental rights for certain works
- Other non-digital updates



Samuelson, the US Agenda at the WIPO "Internet" Treaty Conf. (1997)

- WCT implements copyright's traditional balancing of interests
 - Rather than the high-protectionist US agenda
- New preamble provisions
 - counteract an exclusively trade-oriented view of copyright?



Desiring to develop and maintain the protection of the rights of authors in their literary and artistic works in a manner as effective and uniform as possible,

Recognizing the need to introduce new international rules and clarify the interpretation of certain existing rules in order to provide adequate solutions to the questions raised by new economic, social, cultural and technological developments,

Recognizing the profound impact of the development and convergence of information and communication technologies on the creation and use of literary and artistic works,

Emphasizing the outstanding significance of copyright protection as an incentive for literary and artistic creation,

Recognizing the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Convention,



Samuelson, the US Agenda at the WIPO "Internet" Treaty Conf.

- Rights Management Information
 - Correcting for a change in ownership
- General reflections
 - Conference decided to treat digital transmissions as communications to the public (which are protected), rather than as distributions of copies
 - Former treatment widens the possibility of some private transmissions of works
- Treaties' confirmation of the viability of existing exceptions and limitations preserves the US fair use defense
 - Note – this is an assessment not without controversy
- Notes – areas of controversy
 - Exhaustion – left to national law
 - TRIPS approach – Art. 16
 - For the purposes of dispute settlement under this Agreement, subject to the provisions of Articles 3 [Nat'l Treatment] and 4 [MFN] nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.
 - Performers' rights in AV fixations (dropped from the treaty)
 - National treatment – narrower approach closer to Rome (versus Berne)



Samuelson, the US Agenda at the WIPO “Internet” Treaty Conf.



- Differences in performer’s moral rights?
 - “have the right to claim to be identified as the performer of his performances, except where omission is dictated by the manner of the use of the performance . . .” WPPT Art. 5
 - Persistence after death of the performer
- ISP safe harbor – not concluded at conference
 - Later implemented in US law under the DMCA
 - We saw earlier that the EU has a similar Directive
- Exceptions in the digital environment?
 - How should the 3-step test be evaluated for digital works?
 - How will the digital nature of a work impact a rightholders’ economic expectations?



Peters, U.S. House Report (1997)



- DMCA – 17 USC §1201 – Anti-circumvention
 - To comply, US law needs to provide “adequate legal protection and effective legal remedies”
 - “current” US law is not sufficient
 - Contributory infringement doctrine is the only available approach
 - But, under Sony, device manufacturer is not liable if the device is “merely capable of substantial noninfringing uses.”
- Issues and concerns
 - Products used to circumvent
 - “The ‘only limited commercially significant purpose or use’ test appears to build on, but tighten, the Sony standard. It makes the standard more meaningful by referring to **the extent to which the product is actually used for legitimate purposes, rather than its capability to be used for such purposes**. At the same time, it is consistent with Sony in that it does not prohibit products with a substantial non-circumventing use, only those with merely limited commercially significant non-circumventing use.”
 - Fair use



Peters, U.S. House Report (1997)

- Issues and concerns
 - Fair use
 - “[A]n individual would not be able to circumvent in order to gain unauthorized access to a work, but would be able to do so in order to make fair use of a work which she has lawfully acquired. Second, it contains a savings clause that explicitly preserves fair use and other exceptions to rights in the Copyright Act.”
 - “Section 1201 has therefore been analogized to the equivalent of a law against breaking and entering. Under existing law, it is not permissible to break into a locked room in order to make fair use of a manuscript kept inside”
- Initial bill – divided technological protection into
 - Access controls
 - Final bill – added additional exceptions – reverse engineering, etc.
 - Copying prevention controls – not originally proscribed
 - Fair use savings clause
 - Final bill – ongoing government review to generate list of cases where the anti-circumvention prohibition will not apply



EU Council – Common Position on Directive for WCT/WPPT (2000)

- Need to harmonize to avoid “fragmented legal approaches that could potentially hinder the functioning of the internal market”
- The protection should generate no obligation to design devices to contain anti-circumvention technology



EU Council – Common Position . . . (2000)



- Measures should not apply to software, this topic is already covered separately in the Software Directive
 - But, this position statement applied the measures to the Database Directive
- Exception or limitation for private copying
- Many provisions on pages 745-747 similar to DMCA
- Handling of exceptions
 - Art. 6(4)¶2
 - “A Member State may also take such measures in respect of a beneficiary of an exception provided for in accordance with Article 5(2)b [exception for private copying], unless . . . “
 - Art. 6(4)¶4
 - No private copying exception when contractual terms for occasional access
- Use of *mutatis mutandis*



AV Performers' Rights – left out of WPPT



- Follow-up negotiations in 2000 in Geneva
- Agreement on 19/20 points
 - Failure of agreement on provision regarding transfer of rights
 - US position
 - Once a performer consents to incorporation of his performance in an AV fixation, she is deemed to have transferred the rights to the performance to the fixation producer, subject to contractual language to the contrary
- Provisions of the Treaty Conference Working Group Discussion
 - National Treatment
 - Moral Rights
 - Agreed statement concerning [Moral Rights]
 - Editing, dubbing, compression, formatting, new media are not “**distortions, mutilations or other modifications**” of the fixated performance
 - Right of Broadcasting and Communication to the Public
 - Right to authorize, or system of equitable remuneration
 - Transfer and Exercise of Exclusive Right of Authorization



Database Protection



- WIPO Committee of Experts – database protection terms
- Scope
 - Beyond copyright – Sui generis
- Definitions
 - “database” means a collection of independent works, data or other materials arranged in a systematic or methodical way and capable of being individually accessed by electronic or other means
- Rights
 - Maker has the right to authorize or prohibit extraction or utilization or database’s contents
- Exceptions
 - Traditional 3-step test



Database Protection

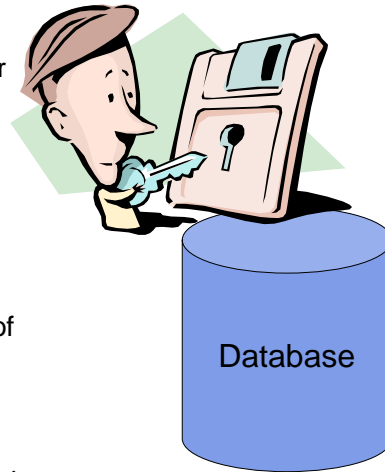


- Beneficiaries (any Contracting State), National Treatment, Independence
- Term
 - 15 or 25 years
 - But, can be “updated” (term clock is “reset”)
 - “Any substantial change to the database, evaluated qualitatively or quantitatively, including any substantial change resulting from the accumulation of successive additions, deletions, verifications, modifications in organization or presentation, or other alterations, which constitute a new substantial investment, shall qualify the database resulting from such investment for its own term of protection.”



Database Protection

- Issues / concerns
 - Is additional legal protection needed?
 - If so, form?
 - Property right, or tort concept similar to unfair competition or misappropriation
 - How to define critical terms
 - Database
 - Substantial investment
 - Substantial or insubstantial part
 - How to protect public interest users of databases
 - Duration of protection?
 - How to handle “sole source” data
 - situations where the data contained in a protected database is not available elsewhere



Database Protection – recent U.S. Bill

- Database and Collections of Information Misappropriation Act of 2003
- Section 2 - definitions
 - §2(5)(A) - database
 - “Subject to subparagraph (B), the term “database” means a collection of a large number of discrete items of information produced for the purpose of bringing such discrete items of information together in one place or through one source so that persons may access them.”
 - §2(5)(B) includes: “a work of authorship, other than a compilation or a collective work;” communications protocol information; multichannel programming; DNS registration unless provided for public access.
 - §2(5)(C) - DISCRETE SECTIONS – “The fact that a database is a subset of a database shall not preclude such subset from treatment as a database under this Act.”



Database Protection – recent U.S. Bill - § 3 - misappropriation



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

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

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

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



Database Protection – recent U.S. Bill



- Section 4 – permitted acts
- Section 5 – exclusions (certain government information, computer programs – not protected, but if database “resides in a computer program,” it can still be protected)
- Section 6 – relation to other laws
- Section 7 – civil remedies
- Sections 8 and 9 – statute of limitations (2 years) and effective date
- Section 10 - nonseverable

