



TERRALEX®

CROSS-BORDER COPYRIGHT GUIDE 2018



United States

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1. Legislation and regulation

1.1 What are the main sources of copyright law?

Copyright law in the United States is governed by federal statute, the US Copyright Act of 1976 (as amended), 17 U.S.C. § 101, et seq. (the Copyright Act). Over the years, there have been several revisions to the Copyright Act and these prior versions continue to apply to works created (or published/registered in some instances) at the time when those prior versions were in effect. It is imperative to determine what version of the US Copyright Act applies to a particular work to determine what rights are afforded to that work, particularly with respect to the duration of copyrights and steps that need to be taken to avoid the work from falling into the public domain prior to expiration of the copyright term. In addition, pre-1972 sound recordings in certain instances are governed by common law existing prior to the first Copyright Act.

2. Subsistence of copyright

2.1 What type of works can be protected by copyright?

US copyright law protects original works of authorship fixed in a tangible form of expression. This expression can be seen directly or through the assistance of a machine or device. Notably, copyright does not protect an idea. The categories of works protected by copyright include: literary works; musical works, including lyrics; dramatic works; pantomimes and choreographic works; pictorial, graphic and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works.

These categories are construed broadly. These types of works are broken down into the following categories:

Literary works

Literary works are nondramatic literary works, which include fiction, nonfiction, poetry, an article, textbooks, reference works, directories, catalogues, advertisements, compilations of information, computer programs and databases.

Visual arts works

Visual arts works are pictorial, graphic, or sculptural works, which include two-dimensional or three-dimensional works of fine, graphic and applied art, including jewellery, photographs, prints and art reproductions, maps, technical drawings and architectural works.

Performing arts works

Performing arts works include a musical work (with or without music), a dramatic work (such as a screenplay, a play or other script), a pantomime, or a choreographic work. To the extent that the work includes a sound recording, that is a separate and distinct copyright discussed below.

Sound recording

This type of work incorporates the sound recording itself and can include the underlying musical, dramatic or literary work that is embodied in that recording. A claimant seeking to protect all of these elements would do so as a sound recording under a single application. That said, if the claimant is seeking to protect sound associated with a motion picture or other audiovisual work, this is not a sound recording and is subject to a separate and distinct right, as discussed below.

Motion picture/audiovisual work

These works include a feature film, a documentary film, an animated film, television show, video, videogame or other audiovisual work (which is a work that consists of a series of related images intended to be shown using a machine or device along with any sounds, if any).

2.2 What is required for works to qualify for copyright protection?

If a work falls within one of the categories above, it may be protected by copyright so long as it is original, which means that it was independently created by the author and has some minimal element of creative expression.

Copyright does not protect familiar symbols or designs, basic geometric shapes, words and short phrases (such as names, titles and slogans), or variations of typographic ornamentation, lettering or colouring. In addition, copyright protection does not extend to any idea, concept, system or process that may be embodied in the work.

With respect to unpublished works, copyright protection is available to all works regardless of the author's nationality or domicile. In general, published works are eligible for protection if: (1) on the date of first publication, one or more of the authors is a national or domiciliary of the United States or a national, domiciliary or sovereign

authority of a treaty party; (2) the work is first published in the United States or a foreign nation that is a treaty party when the work is first published; (3) the work is a sound recording that was first fixed by a treaty party; (4) the work is a pictorial, graphic or sculptural work that is incorporated in a building or other structure or architectural work located in the United States; (5) the work is first published by the United Nations (or its agencies) or by the Organization of American States; or (6) the work is a foreign work that was in the public domain in the United States prior to 1996 and its copyright was restored under the Uruguay Round Agreements Act.

2.3 What rights does copyright grant to the rights holder?

The Copyright Act, 17 U.C.S. § 106, sets forth the following six exclusive rights held by a copyright holder:

- reproduction
- preparation of derivative works based on the copyrighted work
- public distribution (by sale or other transfer of ownership, or by rental, lease or lending)
- public performance (in case of literary, musical, dramatic and choreographic works, pantomimes, and pictorial, graphic or sculptural works, including motion pictures and other audiovisual works)
- public display (in case of literary, musical, dramatic and choreographic works, pantomimes, and pictorial, graphic or sculptural works, including individual images of a motion picture and other audiovisual works)
- public performance by means of a digital sound recording (in the case of sound recordings).

2.4 Are moral rights protected (for example, rights to be identified as an author of a work or to object to derogatory treatment of a work)?

Generally speaking, the United States does recognise moral rights held in a copyright as an independent right. That said, moral rights have been judicially interpreted into legislative statutes, such as copyright, trade mark, privacy and defamation statutes. Exclusively with respect to a visual art work, Congress enacted the Visual Artists Rights Act of 1990 (VARA), 17 U.S.C. § 106A, which details statutory protections under the Copyright Act for rights of attribution and integrity for visual arts works and outlines the scope and exercise of, and exception to, these rights, along with duration, transfer and waiver of these rights.

2.5 What is the duration of copyright in protected works?

The duration of protection for copyright works varies according to the type of work and the date of creation.

For works securing copyright protection for the first time on or after 1 January 1978, there is a single copyright term with two ways to calculate duration of this term. For works created and fixed in a tangible medium on or after 1 January 1978, the work is automatically protected by copyright from the moment of creation for the life of the author plus an additional 70 years. Where there is a joint work (ie the work is prepared by two or more authors and the work is not a work made for hire), the copyright term is 70 years after the death of the last surviving author.

In the case of works made for hire or anonymous or pseudonymous works, the copyright term is 95 years from publication or 120 years from creation, whichever is shorter. For works that were created but not published or registered by 1 January 1978, the duration of the copyright term is generally computed the same way depending on the nature of authorship. However, all works falling in this category are afforded at least 25 years of statutory protection. In addition, if a work in this category was published before 1 January 1978, the term is extended by an additional 45 years.

For works that already secured statutory copyright protection before 1 January 1978, the Copyright Act refers to the previous copyright law, the Copyright Act of 1909, for computing duration of copyright protection. Under the 1909 act, copyright was secured on the date the work was published, or for unpublished works, on the date of registration. The first term of the copyright was 28 years from the date it was secured. During the 28th year, if renewed, the copyright term extended an additional 28 years. If not renewed, the copyright expired at the end of the first 28-year term. The Copyright Act and later versions lengthened the duration of the renewal term and allowed for automatic extensions and renewals depending on the type of work copyrighted. After computing all of these extensions, all works published before 1 January 1923 fell in the public domain.

Under the Uruguay Round Agreements Act, certain foreign works that may have fallen into the public domain for failure to comply with the applicable version of the Copyright Act were restored as of 1 January 1986. This restoration occurred automatically and the duration of the copyright term of the restored work is based on what the term would have been had the work not fallen into the public domain.

The Copyright Act provides that all copyright terms run to

the end of the calendar year in which they expire.

2.6 For how long do moral rights subsist in copyright works?

As moral rights afforded to a copyright do not generally exist under United States law, duration of these rights is determined by other statutory laws incorporating these rights. With respect to the VARA, for works created on or after the effective date of VARA, the term of the rights granted is the life of the author with certain exceptions.

3. Ownership

3.1 Who is the first owner of a copyright work?

The author is typically the first owner of the copyright. An exception is a work made for hire, in which a work created by an employee within the scope of his employment is owned by the employer rather than the employee by operation of law.

3.2 Can copyright in a work be jointly owned? If so, what are the rights of a co-owner?

A copyright can be jointly owned under the Copyright Act. Authors of a joint work are co-owners of the copyright in the work, and each author has a full undivided interest in the work, meaning that each co-owner has the ability to sue for copyright infringement without the other co-owner, can recover a complete damages award without sharing it with the other co-owner, and can exploit or license any of the exclusive rights in the copyright and, absent an agreement to the contrary, is entitled to an equal share in exploitation of the work regardless of the contribution made. To qualify as a joint work, the authors must have intended to merge their independent collaborations into a single unitary whole at the time the contribution was made.

3.3 Can you register copyright? If so, what are the benefits of such registration and what other steps, if any, can you take to help you bring an infringement action?

You can register a copyright with the US Copyright Office, but it is not required to own or secure a copyright. As noted above, copyright in a work exists upon creation. However, to commence a copyright infringement action, the copyright owner must hold a copyright registration for the asserted work. In addition, if the copyright is registered prior to commencement of the infringement, the copyright owner has the option to recover statutory damages instead of actual damages and/or a disgorgement of the infringer's profits, and is eligible to recover costs and attorneys' fees as the prevailing party. If the work is registered after commencement of the infringement, statutory damages and attorneys' fees are not available remedies.

3.4 What steps should you take to validly transfer, assign or license copyright?

An assignment or transfer of copyright must be in writing, signed by or on behalf of the copyright owner.

A copyright licence should be in writing, but can also be agreed orally or implied.

3.5 Can moral rights be transferred, assigned or licensed?

Moral rights, to the extent any exist, can be waived but they cannot be assigned, transferred, or licensed. This remains true even under VARA.

4. Infringement

An action for copyright infringement can be commenced in federal court based on infringement of any of the exclusive rights set out in 2.3 above provided that a copyright registration has been secured. There are two classes of infringement: direct infringement and secondary infringement.

4.1 What acts constitute direct infringement of copyright?

Direct infringement takes place when a person or entity makes unauthorised use of any of the exclusive rights detailed in 2.3 granted to a copyright owner. Direct infringement is a strict liability offence, which means that there is no requirement for the copyright owner to show that the infringer had knowledge of another's right in the copyright or any intention to infringe that right. However, the infringer may qualify as an innocent infringer to mitigate any actual or statutory damages awarded where the infringed work did not contain a proper copyright notice.

4.2 What acts constitute secondary infringement of copyright?

Secondary infringement can occur in the form of vicarious liability or contributory infringement. Under either form of liability, there must be a finding of direct infringement. A person or entity is variously liable for copyright infringement where the defendant has the ability to control the direct infringer's activities and has a financial interest in those infringing activities. A person or entity is liable for contributory infringement where the defendant knew of the infringing activity and acted in concert with the direct infringer by materially inducing, causing, or contributing to the direct infringer's conduct.

4.3 What acts are permitted with respect to copyright works (ie what exceptions apply)?

In certain instances, certain uses of a copyright do not constitute infringement by statute. In other instances, fair use of a copyright for purposes such as criticism, comment, news reporting, teaching, scholarship or research is a defence to infringement. To determine whether fair use can be made, the following factors are considered: (1) the purpose and character of the use, including whether the use is for commercial or non-profit education purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion of the work used in relation to the copyright as a whole; and (4) the effect of the use on the potential market or value of the copyrighted work.

Examples of uses of a work that are not infringing by statute or through fair use include:

Act
Personal copies for private use
Description
The making of a copy, including digital and analogue musical recordings, that is made for the individual's personal and private use and not for commercial use
Act
Educational purposes
Description
Use permitted in limited circumstances, for example, where only a limited number of copies are made of a portion of a work (ie a chapter or a chart within a larger work)
Act
Parody
Description
Reproduction or use of a work for the purpose of ridicule or criticism of the work itself. This should be compared against a satire, in which a work is used to ridicule or criticise something else, which typically does not qualify as fair use
Act
Criticism and comment
Description
Quoting or excerpting a work in connection with a review or criticism for purposes of illustration or comment
Act
News reporting
Description
Summarising a work or providing brief quotations in a news article or report
Act
Research and scholarship
Description
Quoting a short passage in a scholarly, scientific, or technical work to illustrate or clarify the author's position or conclusions

Act
Abuse of right
Description
Copyright use permitted where the copyright owner's refusal to license a work is motivated by interests independent of copyright or by securing an economic advantage that is disproportionate to the copyright owner's investment in the work
Act
Text and data mining
Description
In general, use of computer-based processes, such as text mining, web mining, and data mining, to transform an existing work into useful data

4.4 Is it permissible to provide a hyperlink to, or frame, a work protected by copyright? If so, in what circumstances?

It is permissible to provide a hyperlink to or frame a work protected by copyright so long as there is no use or reproduction of the work itself. In *Perfect 10, Inc. v Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), the Ninth Circuit found that Google's use of in-frames and hyperlinks in a search engine search displaying full-size photographic images constituted fair use because Google did not store any of the images on its servers, and thus, did not have a copy of the work. Rather, Google provided HTML instructions to direct a user's internet browser to a website that stored the image.

Providing HTML instructions is not reproduction or otherwise showing a copy because the instructions were merely lines of text and the instructions do not cause the image to appear on the user's screen. Rather, the instructions only gave the address of the URL that contained the image. The Ninth Circuit noted that while linking and in-framing may cause a consumer to believe that they are viewing the image on a Google webpage, the Copyright Act does not protect against acts that cause confusion among consumers.

4.5 Is a licensee of copyright able to bring an infringement action?

Only an exclusive licensee of one or more rights in a copyright has standing to sue for infringement of those exclusive rights held in the copyright.

5. Remedies

5.1 What remedies are available against a copyright infringer?

The following civil remedies are available under the Copyright Act:

- injunctive relief, including preliminary and temporary restraining orders
- impoundment of infringing goods
- destruction or other reasonable disposition of infringing goods
- the copyright owner's actual damages and/or disgorgement of infringer's profits, so long as there is no double-counting
- statutory damages instead of actual damages and/or disgorgement of profits to the extent that the work was registered prior to commencement of the infringement
- recovery of costs and attorneys' fees based on a finding of infringement if the work was registered prior to commencement of the infringement.

5.2 Are there any specific remedies for online copyright infringement?

In the case of online infringement, a copyright owner can serve a take-down notice under the Digital Millennium Copyright Act (DMCA) which, if properly completely and served, requires an online service provider to take down the infringing content subject to receipt of a counter-notification.

5.3 Under what circumstances is copyright infringement a criminal act and what sanctions may apply?

A person who willfully infringes a copyright can be held liable for criminal copyright infringement where the infringement was committed for commercial advantage or financial gain by reproduction or distribution, during a 180-day period, of one or more copies of copyrighted works with a total retail value of more than \$1,000, or by distribution of a work prepared for commercial distribution by making it available on a computer network accessible by the public, if that person knew or should have known that the work was intended for commercial distribution. Forfeiture, destruction, restitution, imprisonment and/or criminal fines may be ordered upon a guilty finding of criminal copyright infringement. There are also criminal sanctions ordered in connection with fraudulent use of a copyright notice, fraudulent removal of a copyright notice, and false representation of fact in a copyright application.

6. Enforcement

5.4 Is there a time limit for bringing a copyright infringement claim?

The time limit for a civil action is three years after the claim accrued. A criminal proceeding must be brought within five years after the cause of action accrued.

5.5 Can legal (or any other) costs be recovered in an action for copyright infringement? If so, what percentage of costs will typically be recovered by the successful party?

If the copyright is registered prior to the commencement of the infringement, the successful party may recover costs and reasonable attorneys' fees incurred as the prevailing party. This also applies to the alleged infringer who successfully defeats a claim of copyright infringement.

6.1 What courts can you bring a copyright infringement action in, and what monetary thresholds, if any, apply?

Copyright infringement actions may only be brought in federal court in the United States. There is no monetary threshold to commence a copyright infringement action.

6.2 Are there any other ways in which you can enforce copyright?

Seizure

Upon recording a copyright with the US Customs and Border Protection (CBP), a copyright holder may request seizure by CBP of infringing goods being imported into the United States.

Criminal charges

Criminal proceedings can be brought on the grounds described in 5.3 above, and pursued by the US Government.

6.3 What agency bodies are responsible for promoting and/or enforcing copyright and what do they do?

The US Copyright Office, created by Congress in 1897 as a separate department of the Library of Congress, is responsible for processing copyright applications. The Copyright Office does not promote and/or enforce copyrights, which duties are left to the copyright owners. In addition to processing copyright application, the US Copyright Office is responsible for:

- recording and maintaining a database of copyrighted works and copyright ownership information
- administering statutory licences and disbursements of monies, including those relating to broadcast television signals retransmitted by cable operators
- responding to public inquiries regarding copyright
- domestic and international policy analysis
- legislative support for Congress
- litigation activities to the extent of interest to the US Copyright Office
- participating in US delegations and meetings
- hosting copyright training
- providing public information and education.

6.4 What are the main collective rights management agencies that operate in your jurisdiction and who do they represent?

In general, use of a copyright requires permission from the copyright owner or other rights holder. However, for certain works, there are practical difficulties in contacting a copyright owner directly to obtain a licence for the right to use the work. As a result, some copyright owners become a member of a collective rights management agency, which manages the rights in the work. The predominant collective rights management agencies in the United States include:

Agency
Artists Rights Society of New York (ARS)
Who it represents
Visual artists and their estates, including painters, sculptors, photographers, architects and others
Agency
American Society of Composers, Authors and Publishers (ASCAP)
Who it represents
Music (including songwriters, composers and publishers)
Agency
Broadcast Music Inc. (BMI)
Who it represents
Music (including songwriters, composers and publishers)
Agency
Copyright Clearance Center (CCC)
Who it represents
Primarily academic publishers
Agency
Motion Picture Licensing Corporation (MPLC)
Who it represents
Motion picture rights holders
Agency
Society of European Stage Authors and Composers (SESAC)
Who it represents
Music (including songwriters, composers and publishers)
Agency
SoundExchange

Who it represents
Sound recording artists
Agency
VAGA
Who it represents
Photography and fine art holders
Agency
Harry Fox Agency
Who it represents
Music publishers

6.5 Are copyright levies payable? By whom, and in what circumstances?

The Audio Home Recording Act of 1992, codified in the Copyright Act at 17 U.S.C. § 1008, provides that copying of digital and analogue musical recordings for non-commercial use does not constitute copyright infringement, and thus, no copyright levies or royalties are payable. Napster’s attempt to rely on Section 1008 as a defence to copyright infringement was rejected because it was a business and its use was for a commercial purpose. However, the cost to obtain the initial copy of the musical recording includes a levy or royalty paid to the artist, typically through one of the collective rights management agencies identified in 6.4 above.

7. Copyright reform

7.1 What do you consider to be the top two recent copyright developments?

Supreme Court rules that a feature incorporated into a design of a useful article is eligible for copyright protection

On 22 March 2017, the US Supreme Court ruled, in *Star Athletica, L.L.C. v Varsity Brands, Inc.*, ___ U.S. ____ (2017), that a feature incorporated into a design of a useful article is eligible for copyright protection if the feature: (1) can be perceived as a two- or three-dimensional work independently from the useful article; and (2) would qualify as a protectable pictorial, graphic, or sculptural work under the Copyright Act if considered separately from the useful article. Copyright protection does not extend to useful articles.

However, the Copyright Act provides limited protection to “pictorial, graphic, or sculptural features” of the “design of a useful article” as artistic works if those features “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article” (17 U.S.C. § 101).

The Supreme Court’s decision resolved disagreement by lower courts as to the proper test to determine whether a feature exists independently and separately from the useful article. This decision makes it possible for design elements incorporated into clothing (which is considered a useful article) to be protected by copyright if that design satisfies the Supreme Court’s ‘independently/separately’ test.

Family Movie Act of 2005 did not exempt online streaming service from likelihood of copyright infringement

In *Disney Enterprises, Inc. v VidAngel, Inc.*, 869 F.3d 848 (9th Cir. 2017), VidAngel, an online streaming service that removes potentially objectionable content from movies and television shows, was sued for copyright infringement by several movie studios for uploading a digital copy of movies created from a DVD to a computer, which movies were then made available for streaming to customers with ‘objectionable’ content removed. The movie studios moved for a preliminary injunction. VidAngel contended that it was exempt from copyright infringement under the Family Movie Act of 2005, which allows filtering, by or at the direction of a private member of a household, of limited portions of an authorised copy of a movie, because its filtering process began with an authorised DVD.

The Ninth Circuit disagreed, stating that the statute expressly states that the filtering must be done from the authorised copy of the movie itself, not an unauthorised uploaded digital copy of that movie. The Ninth Circuit

further stated that VidAngel’s interpretation of the statute would create a loophole in the copyright laws by allowing infringement so long as it filters content from a copy of a work lawfully purchased at some point – noting that all piracy of movies originates from a legitimate copy. Because VidAngel does not stream the filtered programming directly from an authorised copy of the DVD, but rather from a digital copy created from the DVD after circumventing the movie studios’ technological protection measures, VidAngel’s fair use defence under the Family Movie Act failed.

7.2 What do you consider will be the top two copyright developments in the next year?

Fourth Circuit to decide whether an internet service provider loses protection under the DMCA for failing to shut off service for ‘repeat’ infringers

BMG Rights Management, a music publisher, sued Cox Communications, an internet service provider (ISP), for copyright infringement, claiming that it had forfeited its right to claim immunity under the Digital Millennium Copyright Act’s (DMCA) safe-harbour provision for the actions of its subscribers by ignoring requests to terminate Cox Communications’ subscribers who repeatedly shared illegal music.

The Fourth Circuit Court of Appeals will interpret and decide what is meant by the DMCA’s requirement for ISPs to ‘adopt and reasonably implement’ a repeat infringer policy to maintain safe-harbour protection. The lower court ruled in favour of BMG, stating that by failing to take a more aggressive stance towards repeat infringers, Cox was no longer protected under the safe harbour provision, which decision led to a jury awarding \$25 million in damages to BMG.

State courts asked to decide whether state common law grants copyright owners of pre-1972 sound recordings an exclusive right of public performance

In the ongoing dispute between the copyright owners of pre-1972 sound recordings by the Turtles, a folk-rock band, and Pandora and Sirius XM streaming music services in several federal courts, the Second, Ninth, and Eleventh Circuit Courts of Appeals have certified to the highest state courts in Florida, New York, and California whether state statutory or common law for each state grants copyright owners of pre-1972 sound recordings an exclusive right of public performance.

Under the 1909 Copyright Act, an unpublished work was protected by state common law from the moment of creation until it was published with a proper copyright

notice, thereby affording it federal protection. In 1976, the Copyright Act was amended to afford federal protection to works from the moment of creation regardless of whether they were published. The 1976 Copyright Act, however, exempted pre-1972 sound recordings from federal protection and left common law protection in place for these recordings.

Owners of the Turtles' pre-1972 sound recordings sued Pandora and Sirius XM for copyright infringement because these services publicly performed the Turtles songs without paying a royalty. New York and Florida's highest courts have recently ruled that New York and Florida common law do not recognise an exclusive right of public performance for pre-1972 sound recordings, leaving no ability to seek back royalties. The California High Court has yet to rule on this issue.

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