



7-1-2002

Current Status of Copyright Protection in the Digital Age and Related Topics

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Available at: <https://doi.org/10.37419/TWLR.V8.I3.8>

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CURRENT STATUS OF COPYRIGHT PROTECTION IN THE DIGITAL AGE AND RELATED TOPICS

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Kathy E. Needleman[‡]

I.	INTRODUCTION.....	541
II.	THE TECHNOLOGICAL CONTEXT.....	542
III.	COPYRIGHT—A BASIC OVERVIEW.....	544
	A. <i>Basis of Copyright Protection in the United States</i> ...	544
	B. <i>Overview of United States Copyright Law</i>	544
	1. Requirements for Copyright Protection.....	545
	2. Protectable Expression	546
	3. Types of Works	548
	4. Requirements and Benefits of Federal Copyright Registration.....	549
	5. Notice of Copyright	549
	6. Copyright Infringement	550
	7. The Digital Millennium Copyright Act	550
	a. <i>Title I of the DMCA</i>	551
	b. <i>Exemptions</i>	552
	c. <i>Circumvention of Cookies—Protection of Personally Identifying Information</i>	553
	d. <i>Integrity of Copyright Management Information</i>	554
	e. <i>Remedies</i>	555
	f. <i>Exemplary Damages for Repeat Violations</i> ..	555
	g. <i>Criminal Offenses and Penalties for Willful Violations</i>	555
	h. <i>Exemptions from Criminal Penalties</i>	555
	i. <i>Statute of Limitations</i>	556
	j. <i>Section 1205 Savings Clause</i>	556
	8. Title II of the DMCA	556
	a. <i>Eligibility for Limitations</i>	557
	b. <i>Limitation for Transitory Communications</i> ..	558
	c. <i>System Caching</i>	558
	d. <i>Storage at Direction of Users</i>	558
	e. <i>Information Location Tools</i>	560
	f. <i>Nonprofit Educational Institutions</i>	560

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IV. ANALYSIS OF CASES DEALING WITH ENFORCEMENT OF RIGHT IN DIGITAL WORKS	560
A. <i>Ownership of Copyright</i>	561
B. <i>Determining What Is Protected</i>	563
1. Ideas vs. Expression	563
2. Factual Information vs. Creative Expression....	565
3. Original Work of Authorship	567
C. <i>Deposit Requirement</i>	567
D. <i>Activities Which Constitute Copying</i>	568
1. Copying and Computers	568
a. <i>Linking</i>	568
b. <i>Framing or Inline Linking</i>	569
c. <i>Posting, Linking, and the First</i> <i>Amendment</i>	569
d. <i>Contributory Copyright Infringement</i>	571
e. <i>Automated Querying Programs—</i> <i>Infringement & Beyond</i>	571
E. <i>Trade Secrets/Confidentiality/Computer Fraud and</i> <i>Abuse Act (CFAA)</i>	572
F. <i>Defense to a Claim of Copyright Infringement</i>	573
1. Web Casting Not Within Broadcast Exemption .	573
2. The Defense of Fair Use.....	574
a. <i>Fair Use</i>	574
b. <i>Fair Use and Comparative Advertising</i>	574
c. <i>Fair Use and Parody</i>	575
3. Reverse Engineering Is Fair Use Under <i>Sega</i> and <i>Sony</i>	576
4. Backup or Backup Against the Wall—Backup Is Fair Use	577
5. Copyright Misuse as a Defense	578
G. <i>The DMCA</i>	579
1. DMCA and First Amendment Issues	579
2. Does the DMCA Create a Risk of Monopolies and Stifle Creativity?	581
3. Preemption of State Law Claim	582
4. Copyright-Trade Secret Interface	582
5. Trespass to Chattels	584
6. Rights of Privacy and Publicity	587
a. <i>Common-Law Right of Privacy</i>	587
b. <i>Right of Publicity</i>	588
7. Contract	588
V. EMERGING ISSUES	589
A. <i>Linking and Framing</i>	589
B. <i>ISPs and Notice</i>	590
C. <i>Contracts Trump Federal Statute?</i>	591
VI. CONCLUSION	592

I. INTRODUCTION

Copyright law has always struggled to balance the rights of the copyright owner *and* the public, in light of market realities. Prior to 1950, the evolutionary pace of technology and the law were relatively similar. Thereafter, the pace of technology, *i.e.*, development of technology, exceeded the capability of the law to keep pace. Today, technology is evolving at an apparently exponential rate, while the law proceeds at a Darwinian pace.

The basic concepts of copyright law were developed during a time when information and creative works of authorship were disseminated mainly as printed type on a paper medium.¹ Prior to the advent of the digital age, the separate rights granted to copyright owners were relatively consistent with the technology to produce and market copyrighted works. Technological advances in the last thirty years have created a situation in which the market realities no longer conform with previous distinct copyright concepts. Probably the most important developments have been in technologies which can reproduce copyrighted works easily and inexpensively. This trend started with photocopy technology, followed by dubbing tape recorders, video recorders, and computers. Recent developments in digital technology, the advent of the Internet, and the proliferation of computers and specialized software have precipitated a new set of problems for the owners of copyrighted material.

Digital technology has three important characteristics:

First, digitization offers an easy and inexpensive method to create an unlimited number of perfect copies. Second, digitized information can be instantaneously uploaded and downloaded by an unlimited number of users. Third, information in disparate media can be converted into a single digital stream and can easily be manipulated to create a variety of new works.²

Further, transmission of digital information from one computer to another over the Internet can be done anonymously with substantially no errors or degradation of quality and with little or no expense.³

Encryption techniques and other security devices have been devised in an attempt to protect unauthorized use or dissemination of copyrighted digital works. But even when digital information is protected by encryption or another security device, any recipient with the

1. Stephen Summer, *Music on the Internet: Can the Present Laws and Treaties Protect Music Copyright in Cyberspace?*, 8 CURRENTS: INT'L TRADE L.J. 31, 31 (Summer 1999).

2. *Id.* at 32 (quoting Emery Simon, Executive Director of the Alliance to Promote Software, appearing before a Senate Judiciary Committee (appearing in Kenneth D. Suzan, Comment, *Tapping to the Beat of a Digital Drummer: Fine Tuning U.S. Copyright Law for Music Distribution on the Internet*, 59 ALA. L. REV. 789, 795 (1995))).

3. *See id.*

proper technology can disable or circumvent the protection device and use or manipulate the digital information without the author's permission, perhaps without the author's knowledge, and without paying royalties. Further, once information is placed on an Internet-accessible website or stored in the memory of a personal computer, there is no way for the copyright owner to ensure that no unauthorized access is made of the copyrighted work, that no copies have been made, or that no copyrights have been infringed. Thus, copyright owners in digital works have been frustrated in attempting to prevent infringement, unauthorized use, or dissemination of their copyrighted works. Further exacerbating the copyright owner's dilemma is the widespread Internet culture which fosters the belief that everything on the Internet should be free.

In an attempt to address issues related to copyright protection of digital works and to bring the U.S. copyright law in accordance with international treaties, Congress enacted the Digital Millennium Copyright Act of 1998 (DMCA).

This Article provides a basic overview of the recent amendments to the copyright law, including the DMCA and recent developments generally, in relation to the protection of digital works. While portions of the discussion are directed to general copyright law, the primary discussion is directed specifically to legal theories used to protect or defend digital works. Interestingly, the DMCA amendments affect only slightly the rights incident to a copyrighted work, but provide significant protection against unauthorized access to copyrighted works.

II. THE TECHNOLOGICAL CONTEXT

Photocopy technology brought about the era in which copyrighted works could be easily reproduced. In response, copyright owners targeted libraries, which made copies of works for patrons. This led to an exemption in the copyright statutes specifically directed to libraries.⁴ Today a person obtaining a copy from a library will routinely receive one stamped with an appropriate notice in compliance with the appropriate section of the copyright statute. The next development was the dubbing tape recorder, which allowed reproductions of musical cassettes. In a related development, the video recorder was introduced in the mid-1980s. Perceiving a great loss due to consumer copying of televised material, copyright owners attempted to obtain a royalty from video recorder manufacturers. In response, the Supreme Court found an exception for consumer use, which had minimum impact on the value of the work.⁵ Inherent in these technologies was

4. See 17 U.S.C. § 108 (2000).

5. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 421, 220 USPQ 665, 669 (1984).

some deterrent to massive copying because the quality of the copies tended to degrade with each subsequent copy generation.

In the early stages of the digital age, the lack of consumer equipment provided some protection to copyright owners. Music CDs had far superior quality to magnetic tape, but equipment to copy from CD to magnetic tape or another CD was generally unavailable to ordinary consumers. This has changed with the advent of the affordable read/write CD drive, allowing reproduction cheaply, quickly, and with no degradation in quality. The Internet provided an avenue for mass distribution of copies with little expense and with no "effective means" for copyright owners to limit the unauthorized distribution. The DMCA in large measure is intended to provide an effective means to prevent distribution of unauthorized copies.

Digital and Internet technology also make the legal analysis under copyright law more complex. The sale of a printed book conveys title to the individual book and the right to distribute that book to whom-ever the purchaser desires. Thus, the only right of the copyright owner implicated by the transaction is the right of distribution. The copyright owner's reproduction right is infringed by making a photocopy of the book. In contrast, delivery of a digital book over the Internet requires not only reproduction of the digital book, but also transmission of that digital book to the recipient. The digital book can be distributed electronically only by reproducing the copy in the computers in the chain of distribution. Even the owner of a digital book on a tangible medium, such as a diskette or CD, must make a copy of the book in his computer's RAM to view the book. Thus, the copyright owner's rights of both reproduction and distribution are affected. In the case of musical or audio-visual works, the copyright owner's performance right may also be affected.

Obviously, enforcing the copyright against individual consumers is impractical. To effectively prevent unauthorized distribution, the copyright owners needed to attack centralized sources. The targets became the Internet service providers (ISPs). Had the only material available on the Internet been copyrighted works, the issues would have been simpler. But because the Internet allows access to much more than copyrighted digital works and because public policy favors competition and the free exchange of ideas, the DMCA attempts to balance the rights of copyright owners and the public in light of market realities.

Such a market approach is not new. "In 1831, Congress extended copyright protection to original musical compositions."⁶ "Between 1831 and 1909, machines were invented which allowed a composition to be reproduced mechanically."⁷ This is the well-known piano roll

6. *Goldstein v. California*, 412 U.S. 546, 564, 178 USPQ 129, 136 (1973).

7. *Id.* at 564, 178 USPQ at 136.

which was played by a player piano. Individuals who had the roll did not need the sheet music.⁸ “The Court held that piano rolls, as well as records, were not ‘copies’ of the copyrighted composition, in terms of the federal copyright statutes, but were merely component parts of a machine which executed the composition.”⁹ Courts determined that piano rolls were not subject to copyright protection. Thereafter, the statute was amended, and piano rolls and records were considered copies.¹⁰ Entrepreneurs used the change in the law to their advantage. Presumably, a manufacturer of player piano rolls could acquire exclusive rights from composers and publishers. Industry representatives, fearful that establishing protection for these mechanical copies would run the risk of establishing a music monopoly, approached Congress. In response, Congress enacted the compulsory licensing system for mechanically-reproduced musical works.

III. COPYRIGHT—A BASIC OVERVIEW

A. *Basis of Copyright Protection in the United States*

Copyright protection is permitted under Article I, § 8, Clause 8, of the United States Constitution, which states in part:

The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.¹¹

Thus, the constitutional framework permits Congress to enact copyright legislation, but it is not required to provide copyright protection. The Copyright Act has been amended many times, and before the 1976 Act state common law rights concerning copyrights were significant. Common law protection, however, was severely restricted by enactment of the 1976 Copyright Act, which became effective January 1, 1978. Under the Supremacy Clause, state laws conflicting with the 1976 Act are in effect preempted. More specifically, the Copyright Act preempts any state right that would affect federal copyright protection.¹²

The most recent amendment to the Copyright Act was the DMCA, which attempts to address copyright infringement made possible by widely available technology.

B. *Overview of United States Copyright Law*

In general, the various provisions of the Copyright Act serve to protect an author’s reproduction rights, public performance and display

8. *Id.* at 564–65, 178 USPQ at 136.

9. *Id.* at 565, 178 USPQ at 137 (footnote omitted).

10. *Id.* at 565–66, 178 USPQ at 137.

11. U.S. CONST. art. I, § 8, cl. 8.

12. 17 U.S.C. § 301.

rights, and distribution rights in his copyright protected works.¹³ A copyright protects against copying. No protection is offered for independent creation of the same or substantially the same work. The owner of a copyright in a work has the exclusive right:

- (1) to *reproduce* the copyrighted work in copies or phonorecords;
- (2) to *prepare derivative works* based upon the copyrighted work;
- (3) to *distribute copies* or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to *perform the copyrighted work publicly*;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to *display the copyrighted work publicly*; and
- (6) in the case of sound recordings, to *perform the copyrighted work publicly* by means of a digital audio transmission.¹⁴

Additional rights of attribution and integrity are accorded to *authors* of “works of visual art” created on or after June 1, 1991, or “works of visual art” in which the copyright had not been transferred by the author as of June 1, 1991.¹⁵ The author is entitled to prevent the mutilation, distortion, or modification of the work of visual art. These rights can be waived by express language in a written contract. The provision applies only if the work is a painting, drawing, print, or sculpture existing in a single copy, or in a limited edition of two hundred or fewer copies that are signed and consecutively numbered by the author.¹⁶

Another important right to the copyright owner is the right to control derivative works.¹⁷ A derivative work is one that is based upon a prior work. For example, many movies are based upon or derived from novels. The copyright owner also has exclusive rights, as to most creations, to display and perform the work.¹⁸

1. Requirements for Copyright Protection

Since the United States Congress implemented the Berne Convention and the TRIPS Agreement of GATT,¹⁹ obtaining copyright protection in the United States requires only an original work of authorship fixed in a tangible medium of expression.²⁰ Prior to Con-

13. Summer, *supra* note 1, at 34.

14. 17 U.S.C. § 106 (2000) (emphasis added).

15. *See id.* § 106A & n.(a)–(b) (2000).

16. *See id.* § 106A; *id.* § 101 (defining “work of visual art”).

17. *Id.* § 106(2).

18. *Id.* § 106(4)–(5).

19. *See infra* notes 46–48 and accompanying text.

20. 17 U.S.C. § 102(a).

gress's implementation of the Berne Convention on March 1, 1989, a work required a copyright notice, in addition to the originality and fixation requirements, to receive protection in the United States.

Originality is a minimum threshold requirement for copyright protection.²¹ Copyright law merely requires an indication of creativity from the originator of the work in order for an author to secure copyright protection of that work.²² Stated differently, originality means the creator did not copy the work, but rather developed it from his or her own intellectual activity.

The second requirement for obtaining copyright protection in a work is that the work be "fixed in a tangible medium."²³ In general, this requirement is trivial in concept and relatively simple to accomplish. The Copyright Act deems a work "fixed" upon it being "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration."²⁴ No restrictions as to the type of medium, style, or form exists.

2. Protectable Expression

Not all portions of a work are protectable. The first requirement is that the work be original with the author. There are some materials that are not deemed a proper subject matter of copyrights. For example, many charts and maps are excluded because the underlying material is the same and to grant a copyright in such materials would preempt the entire field.

A copyright protects the *expression*, not the underlying *idea, principle, theory, or facts*. Protection of these subject matters is the province of the United States patent laws, Title 35, United States Code. Further, a copyright is not intended to protect the labor and investment required to collect or discover such ideas.

The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. To give the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

...

21. *Id.* § 102(a).

22. *Id.* § 102 n.(a) (Original Works of Authorship).

23. *Id.* § 102(a).

24. *Id.* § 101.

[An author] may copyright his book, if he pleases; but that only secures to him the exclusive right of printing and publishing his book.²⁵

More recently the Supreme Court has explained its reasoning:

This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: the first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence.

...

This inevitably means that the copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another's publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement.²⁶

No copyright protection is available when there is a merger between the expression and the underlying idea, *i.e.*, when there is only one way or only a limited number of ways to express the underlying idea.

[T]he use of specific language in forms and documents may be so essential to accomplish a desired result and so integrated with the use of a legal or commercial conception that the proper standard of infringement is one which will protect as far as possible the copyrighted language and yet allow free use of the thought beneath the language.²⁷

Copyright protection is available for utilitarian objects to the extent that the work of authorship is separable from the utilitarian nature of the object, *i.e.*, to the extent that such artistic craftsmanship "can be identified separately from, and [is] capable of existing independently

25. *Baker v. Selden*, 101 U.S. 99, 102-03 (1879) (holding that the practice of an accounting method described in copyrighted book was not an act of copyright infringement).

26. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 18 USPQ2d 1275 (1991) (holding alphabetically arranged telephone directory listing all customers of telephone company lacked sufficient originality to warrant copyright protection); *see also* *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365, 1367, 1371-72, 212 USPQ 345, 347, 350-51 (5th Cir. 1981) (holding no copyright protection afforded to an investigative reporter's efforts in collecting facts regarding a sensational kidnapping, *i.e.*, facts of the kidnapping were not, *per se*, protected by copyright).

27. *Cont'l Cas. Co. v. Beardsley*, 253 F.2d 702, 706 (2d Cir. 1958) (finding no copyright infringement where similarities between defendant's work and the copyrighted work were dictated by the fact that both works expressed similar business plans); *see also* *Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co.*, 509 F.2d 64, 65, 184 USPQ 264, 265 (2d Cir. 1974) (noting merger of idea and expression of a jeweled bee pin) (citing *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738, 742 (9th Cir. 1971)); *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675, 678-79, 154 USPQ 193, 194-95 (1st Cir. 1967) (holding text of rules of sweepstakes not protected by copyright where only a limited number of alternative forms of expression of underlying idea were available).

of, the utilitarian aspects of the article."²⁸ Functional items are not copyrightable. However, the line between functional and nonfunctional can be hazy at best.

Decisions in this area cannot easily be reconciled where courts have afforded copyright protection to persons who copy a famous painting, basically holding that if one wants to copy the famous painting, he should invest the time to make his own copy rather than to make a reproduction from the first copier.²⁹

Along this line there have been many cases concerning the compilation and publication of telephone books and whether they can be the proper subject of copyright protection.³⁰ The recent trend is that protection may not be afforded where the raw data does not possess some sort of original presentation.³¹ In contrast, the wholesale price evaluation of rare coins was considered copyrightable expression.³²

3. Types of Works

The analysis of copyright matters requires an understanding of the type of work involved. The simplest is the original work of a single author.

A "compilation" is "formed by the collection and assembling of preexisting materials or of data . . . in such a way that the resulting work as a whole constitutes an original work of authorship including collective works."³³

A "collective work" is defined as a work "in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole."³⁴ Examples of statutorily-defined collective works include: periodicals, anthologies, and encyclopedias.³⁵

28. 17 U.S.C. § 101 (defining "pictorial, graphic, and sculptural works").

29. *Compare* Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99, 90 USPQ 153 (2d Cir. 1951), *with* Amsterdam v. Triangle Publ'ns, Inc., 189 F.2d 104, 89 USPQ 468 (3d Cir. 1951), *and* Schroeder v. William Morrow & Co., 566 F.2d 3, 198 USPQ 143 (7th Cir. 1977).

30. *Hutchinson Tel. Co. v. Fronteer Directory Co.*, 770 F.2d 128 (8th Cir. 1985); *S. Bell Tel. & Tel. Co. v. Associated Tel. Directory Publishers*, 756 F.2d 801 (11th Cir. 1985); *Leon v. Pac. Tel. Directory Publishers*, 91 F.2d 484 (9th Cir. 1937); *Central Tel. Co. of Va. v. Johnson Publ'g Co.*, 526 F. Supp. 838 (D.Colo. 1981); *Southwestern Bell Tel. Co. v. Nationwide Indep. Directory Serv., Inc.*, 371 F. Supp. 900 (W.D.Ark. 1974); *S. Bell Tel. & Tel. Co. v. Donnelly*, 35 F. Supp. 425 (S.D. Fla. 1940); *Cincinnati & Suburban Bell Tel. Co. v. Brown*, 44 F.2d 631 (S.D. Ohio 1930); *Hartford Printing Co. v. Hartford Directory & Publ'g Co.*, 146 F. Supp. 332 (D.Conn. 1906).

31. *See Feist*, 499 U.S. at 361-62, 18 USPQ2d at 1284.

32. *See CDN, Inc. v. Kapes*, 197 F.3d 1256, 1260, 53 USPQ2d 1032, 1035 (9th Cir. 1999).

33. 17 U.S.C. § 101.

34. *Id.* § 101.

35. *Id.* § 101.

A “derivative work” is “a work based upon one or more preexisting works,” such as a translation, abridgment, condensation, recasting, transformation, or adaptation.³⁶

A “joint work” is “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”³⁷

4. Requirements and Benefits of Federal Copyright Registration

Registration of copyright is not required in order for the work to be protected.³⁸ However, registration is a prerequisite to filing an infringement suit on a work first published in the United States.³⁹ Works published outside the United States need not be registered prior to instituting an infringement action, except for certain works which are recorded as they are transmitted.⁴⁰ In order to recover statutory damages, the registration must occur prior to the allegedly infringing act.⁴¹ However, there is an exception where the registration is made within three months of the date of first publication.⁴² Registration is also required prior to the act of infringement to recover attorneys’ fees under 17 U.S.C. § 505.⁴³ Again, this restriction does not apply if the work is registered within three months of the first publication.

Registration requires submission of specified information regarding the applicant, deposit of a designated number of copies, and payment of the required filing fee.⁴⁴

5. Notice of Copyright

The requirement that notice of copyright— a “c” in a circle or the word “copyright” with the year of publication and the name of the author or copyright owner— be displayed was made optional by the Berne Convention Implementation Act.⁴⁵

It is preferred to use the internationally recognized “c” in a circle, ©.

36. *Id.* § 101.

37. *Id.* § 101.

38. *See id.* § 102(a); *id.* § 408.

39. *Id.* § 411.

40. *See id.* §§ 411, 412.

41. *Id.* § 412(1).

42. *See id.* § 412(2).

43. *Id.* § 412.

44. *See id.* §§ 407–10, 708.

45. Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, sec. 7, 102 Stat. 2853, 2857–59 (codified as amended at 17 U.S.C. §§ 401–406 (2000)).

6. Copyright Infringement

The first step in establishing infringement is to establish ownership of a valid copyright. The second step is to show copying. "To infringe an exclusive right of copyright, an accused work must (1) derive from the copyrighted work, directly or indirectly, and (2) be substantially similar in expression to the copyrighted work."⁴⁶ Derivation of a copyrighted work may be established by either direct evidence of plagiarism or inference (*i.e.*, circumstantial evidence) based on evidence of an accused infringer's access to a work and a showing of substantial similarity in expression of the two works.⁴⁷

Copyright infringement may be direct or contributory. Direct infringement occurs when a person has infringed by his actions. Contributory infringement occurs when a person gives assistance to another to infringe.⁴⁸

There are various defenses to infringement, such as fair use, license, independent creation, and lack of subject matter protected by copyright.⁴⁹ Independent development, often referred to as independent creation, refers to a work that appears to infringe (*i.e.*, is substantially similar to) a copyrighted work. However, if the party who created the substantially similar work created it with his or her own effort independent from the copyrighted work, there is no copyright infringement.⁵⁰

7. The Digital Millennium Copyright Act

In 1998, the United States Congress enacted the Digital Millennium Copyright Act in order to implement the World Intellectual Property Organization Copyright Treaty (WIPO).⁵¹ The provisions of the DMCA address the unique problems faced with respect to copyright enforcement in the constantly evolving digital age.⁵² Among other things, the copyright treaty requires contracting states to:

"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

46. DONALD S. CHISUM & MICHAEL A. JACOBS, UNDERSTANDING INTELLECTUAL PROPERTY LAW § 4F (1992).

47. *Id.* § 4F[1][b].

48. *See generally* Sony Corp. of Am. v. Universal City Studios, Inc., 446 U.S. 417 (1984).

49. CHISUM & JACOBS, *supra* note 41, § 4F[1].

50. *See* Miller v. Universal City Studios, Inc., 650 F.2d 1365, 1375, 212 USPQ 345, 353 (5th Cir. 1981).

51. Universal City Studios, Inc. v. Corley, 273 F.3d 429, 440, 60 USPQ2d 1953, 1959 (2d Cir. 2001); World Intellectual Property Organization Copyright Treaty, Apr. 12, 1997, art. 11, S. Treaty Doc. No. 105-17.

52. *See id.* at 440, 60 USPQ2d at 1959.

respect of their works, which are not authorized by the authors concerned or permitted by law.”⁵³

The DMCA also addressed liability for online service providers and related issues. Through enactment of the DMCA, Congress has attempted to balance both the interests of copyright owners of digital works and the interests of those seeking to make fair use of the copyrighted digital works.

The DMCA is divided into five apparently unrelated titles including:

Title I, the WIPO Copyright and Performance and Phonograms Treaties Implementation Act of 1998, which implements the WIPO Internet-related treaties including provisions which target circumvention of technology protections and provisions regarding tampering with copyright management information;

Title II, the Online Copyright Infringement Liability Limitation Act, which provides safe harbors for online service providers;

Title III, the Computer Maintenance Competition Assurance Act, which permits certain temporary copies of programs to be made when performing computer maintenance;

Title IV, containing six miscellaneous provisions, relating to the functions of the Copyright Office, distance education, certain collective bargaining agreements for transfer of motion picture rights, the exceptions in the Copyright Act for libraries, and the exceptions for facilitating Internet broadcasting (*i.e.*, making ephemeral recordings, “webcasting” of sound recordings on the Internet); and

Title V, the Vessel Hull Design Protection Act, which creates protection for boat hull designs.⁵⁴

The following discussion addresses only issues related to Titles I and II of the DMCA.

a. *Title I of the DMCA*

Title I, designated as Chapter 12 of the Copyright Act and Title 17 of the United States Code, contains three important provisions targeted at the circumvention of technology protections.

Section 1201(a)(1)(A) of the DMCA *prohibits* a person from “*circumvent[ing] a technolog[y] measure that effectively controls access to a work protected under [Title 17, governing copyright].*”⁵⁵

Section 1201(a)(2) of the DMCA *prohibits* the “*manufacture, import, offer to the public, [the] provid[ing], or otherwise traffic[king] in any technology, product, service, device, component, or part thereof, that is primarily designed or produced for the purpose of circum-*

53. *Id.* at 440, 60 USPQ2d at 1959 (quoting World Intellectual Property Organization Copyright Treaty, Apr. 12, 1997, art. 11, S. Treaty Doc. No. 105-17).

54. Summer, *supra* note 1, at 36.

55. 17 U.S.C. § 1201(a)(1)(A) (2000) (emphasis added).

venting a technological measure that effectively controls access to a work protected under [Title 17, governing copyright].”⁵⁶

According to § 1201(a)(3)(A), “to ‘circumvent a technological measure’ means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner.”⁵⁷

According to § 1201(a)(3)(B), a technological measure “‘effectively controls access to a work’ if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.”⁵⁸

Section 1201(b)(1) of the DMCA prohibits other violations including the “*manufacture, import, offer to the public, [the] provid[ing], or otherwise traffic[king] in any technology, product, service, device, component, or part thereof, that is primarily designed or produced for the purpose of circumventing . . . a technological measure that effectively protects a right of a copyright owner under [Title 17, governing copyright,] in a work or a portion thereof.*”⁵⁹

According to § 1201(b)(2)(A), “to ‘circumvent protection afforded by a technological measure’ means avoiding, bypassing, removing, deactivating, or otherwise impairing a technological measure.”⁶⁰

According to § 1201(b)(2)(B), a technological measure “‘effectively protects a right of a copyright owner under this title’ if the measure, in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of a right of a copyright owner under [Title 17].”⁶¹

b. Exemptions

The DMCA provides exemptions for certain rights and uses including:

- fair use and other defenses to copyright infringement;⁶²
- protection of the right of free speech;⁶³
- use by nonprofit libraries, archives, and educational institutions solely to make a good faith determination of whether to acquire a copy of that work to engage in permitted conduct;⁶⁴
- law enforcement, intelligence activity, information security, and other government activities carried out by a lawfully authorized of-

56. *Id.* § 1201(a)(2) (emphasis added).

57. *Id.* § 1201(a)(3)(A) (emphasis added).

58. *Id.* § 1201(a)(3)(B).

59. *Id.* § 1201(b)(1) (emphasis added).

60. *Id.* § 1201(b)(2)(A) (emphasis added).

61. *Id.* § 1201(b)(2)(B).

62. *Id.* § 1201(c)(1).

63. *Id.* § 1201(c)(4).

64. *Id.* § 1201(d)(1).

- ficer, agent, or employee of the U.S. or a state, or a person acting pursuant to a contract with the U.S. or a state;⁶⁵
- reverse engineering for the sole purpose of achieving interoperability through circumvention of technology measures that effectively control access to a particular portion of a program by identifying and analyzing those elements necessary to achieve interoperability, but only to the extent that any such activity does not otherwise constitute infringement under Title 17;⁶⁶
 - development and use of technological means to circumvent a technological measure for the sole purpose of performing encryption research activities where the person lawfully obtained the encrypted copy, the person made a good faith effort to obtain authorization before the circumvention, and the activity does not otherwise constitute infringement under Title 17;⁶⁷
 - the intention that the component or device be incorporated in the actual incorporation of the component or device in “a technology, product, service, or device, which does not itself violate the provisions of this title; and [which] has the sole purpose to prevent the access of minors to material on the Internet;”⁶⁸
 - the protection of personally identifying information;⁶⁹
 - security testing;⁷⁰ and
 - certain analog devices and certain technological measures.⁷¹

c. Circumvention of Cookies—Protection of Personally Identifying Information

Circumvention of technological measures is permitted to access a work protected under Title 17 if:

(A) the technological measure, or the work it protects, contains the capability of collecting or disseminating personally identifying information reflecting the online activities of a natural person who seeks to gain access to the work protected;

(B) in the normal course of its operation, the technological measure, or the work it protects, collects or disseminates personally identifying information about the person who seeks to gain access to the work protected, without providing conspicuous notice of such collection or dissemination to such person, and without providing such person with the capability to prevent or restrict such collection or dissemination;

(C) the act of circumvention has the sole effect of identifying and disabling the capability described in subparagraph (A), and has no

65. *Id.* § 1201(e).

66. *Id.* § 1201(f)(1)–(2).

67. *Id.* § 1201(g)(1)–(2).

68. *Id.* § 1201(h).

69. *Id.* § 1201(i); *see also infra* note 67 and accompanying text.

70. 17 U.S.C. § 1201(j).

71. *Id.* § 1201(k).

other effect on the ability of any person to gain access to any work;
and

(D) the act of circumvention is carried out solely for the purpose of preventing the collection or dissemination of personally identifying information about a natural person who seeks to gain access to the work protected, and is not in violation of any other law.⁷²

d. Integrity of Copyright Management Information

The act provides that no one shall “knowingly and with the intent to induce, enable, facilitate, or conceal infringement [or] provide copyright management information that is false or distribute or import for distribution copyright management information that is false.”⁷³ Further,

[n]o person shall, without the authority of the copyright owner[,]

...

- (1) intentionally remove or alter any copyright management information,
- (2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner⁷⁴

Copyright management information is defined as any information conveyed in connection with copies or performances and includes: the title or other information identifying the work; the name and other identifying information about the author; the name and other identifying information about the copyright owner; and, with the exception of public performances by radio and television, the name and information about the performer whose performance is fixed in a work other than audiovisual work.⁷⁵

In the case of an audiovisual work, copyright management information includes the name and identifying information about a writer, performer, or director who is credited with the works; the terms and conditions for use of the work; identifying numbers or symbols referring to such information or links to such information; and such other information as the register of copyrights may proscribe.⁷⁶

Certain limitations on liability are provided regarding analog and digital transmissions.⁷⁷

72. *Id.* § 1201(i)(1).

73. *Id.* § 1202(a).

74. *Id.* § 1202(b).

75. *Id.* § 1202(c)(1)–(4).

76. *Id.* § 1202(c)(5)–(8).

77. *Id.* § 1202(e)(1)–(2).

e. Remedies

The DMCA provides for both civil and criminal penalties for violations.

In general, anyone injured by a violation of either § 1201 or § 1202 may bring civil action for such violation. Section 1203 provides for civil remedies to be imposed including the award of damages for violation of §§ 1201 or 1202. The court has discretion to hold a violator liable for either actual damages or for statutory damages.⁷⁸ Actual damages include actual damages suffered by the complaining party and profits of the violator attributable to the violation.⁷⁹ The sum of the statutory damages is “not less than \$200 or more than \$2,500 per act of circumvention, device, product, component, offer, or performance of service.”⁸⁰ Violations of § 1202 may result in an award of statutory damages for each violation in the sum of not less than \$2,500 or more than \$25,000.⁸¹ A complaining party must elect actual damages and may instead elect statutory damages at any time prior to final judgment being entered.⁸²

f. Exemplary Damages for Repeat Violations

Triple damages may be awarded for repeat violations of §§ 1201 or 1202. A repeat violation is one within three years after a final judgment for another such violation.⁸³

g. Criminal Offenses and Penalties for Willful Violations

Criminal penalties, including fines and/or imprisonment, may be assessed against willful violations of §§ 1201 or 1202 for purposes of commercial advantage or private financial gain.⁸⁴ Penalties for a first offense shall be assessed at no more than \$500,000 or imprisonment for not more than five years, or both.⁸⁵ For subsequent offenses, penalties assessed shall not be more than \$1,000,000 or imprisonment for not more than ten years, or both.⁸⁶

h. Exemptions from Criminal Penalties

Nonprofit libraries, archives, educational institutions, and public broadcasting entities are exempt from criminal penalties.⁸⁷

78. *Id.* § 1203(c)(1).

79. *Id.* § 1203(c)(2).

80. *Id.* § 1203(c)(3)(A).

81. *Id.* § 1203(c)(3)(B).

82. *See id.* § 1203(c)(2), (3).

83. *Id.* § 1203(c)(4).

84. *Id.* § 1204(a).

85. *Id.* § 1204(a)(1).

86. *Id.* § 1204(a)(2).

87. *Id.* § 1204(b).

i. Statute of Limitations

Claims must be brought within five years after the action arose.⁸⁸

j. Section 1205 Savings Clause

Nothing in [17 U.S.C. chapter 12] abrogates, diminishes, or weakens the provisions of, nor provides any defense or element of mitigation in a criminal prosecution or civil action under, any Federal or State law that prevents the violation of the privacy of an individual in connection with the individual's use of the Internet.⁸⁹

Title I of the DMCA does not address the "use" of the encrypted works. Instead, the DMCA proscribes the circumvention of encryption and proscribes the trafficking in circumvention devices. Serious questions remain as to how application of the DMCA Title I provisions will affect the status of copyrights and the rights of the public to access works in the public domain that have been intermingled and encrypted with works protected by copyright.

8. Title II of the DMCA

Title II of the DMCA adds new § 512 to the Copyright Act to create four new limitations on liability for copyright infringement by Internet service providers (ISPs), by providing ISPs with "safe harbors" to limit their liability "for direct, vicarious, and contributory [copyright] infringement."⁹⁰ The limitations are based on the following four categories of conduct by an ISP:

1. Transitory digital network communications;
2. System caching;
3. Storage of information on systems or networks at the direction of users; and
4. Information location tools.⁹¹

In addition, special rules concerning the application of these limitations to nonprofit educational institutions are included.⁹²

Each limitation entails a complete bar on monetary damages, and restricts the availability of injunctive relief in various respects.⁹³ Each limitation relates to a separate and distinct function, and a determination of whether an ISP qualifies for one of the limitations does not bear upon a determination of whether the ISP qualifies for the other three.⁹⁴

88. *Id.* § 1204(c).

89. *Id.* § 1205.

90. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1025, 57 USPQ2d 1729, 1743 (9th Cir. 2001) (quoting S. REP. NO. 105-190, at 40 (1998)).

91. 17 U.S.C. § 512(a)-(d).

92. *Id.* § 512(e).

93. *See id.* § 512(a)-(d), (j).

94. *Id.* § 512(n).

The failure of an ISP to qualify for any of the limitations in § 512 does not necessarily make it liable for copyright infringement. The copyright owner must still demonstrate that the ISP has infringed, and the ISP may still avail itself of any of the defenses, such as fair use, that are available to copyright defendants generally.⁹⁵

In addition to limiting the liability of ISPs, § 512 establishes a procedure by which a copyright owner can obtain a subpoena from a U.S. district court ordering an ISP to disclose the identity of a subscriber who is allegedly engaging in infringing activities.⁹⁶

Section 512 also contains a provision to ensure that ISPs are not placed in the position of choosing between limitations on liability on the one hand and preserving the privacy of their subscribers on the other. Subsection (m) explicitly states that nothing in § 512 requires an ISP to monitor its service or access material in violation of law (such as the Electronic Communications Privacy Act) in order to be eligible for any of the liability limitations.⁹⁷

a. Eligibility for Limitations

A party seeking the benefit of the limitations must qualify as an ISP. For transitory communications, an ISP is “an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.”⁹⁸ For the other three limitations, the ISP is more specifically defined as “a provider of online services or network access, or the operator of facilities therefor,”⁹⁹ including the entities described above.¹⁰⁰

In addition, to be eligible for any of the limitations, the ISP must meet two overall conditions: (a) it must adopt and reasonably implement a policy of terminating the accounts of subscribers who are repeat infringers; and (b) it must accommodate and not interfere with “standard technical measures.”¹⁰¹ “Standard technical measures” are technical, industry-established measures used to identify protected works, provided the measures are available on reasonable, nondiscriminatory terms and do not impose substantial costs or burdens on ISPs.¹⁰²

95. *See id.* § 512(l).

96. *Id.* § 512(h).

97. *See id.* § 512(m).

98. *Id.* § 512(k)(1)(A).

99. *Id.* § 512(k)(1)(B).

100. *Id.* § 512(k)(1)(B).

101. *Id.* § 512(i)(1)(A)–(B).

102. *Id.* § 512(i)(2)(A)–(C).

b. Limitation for Transitory Communications

The limitation of liability is provided where the ISP is merely a conduit. To qualify, the ISP must meet the following:

1. Transmission must be initiated by another person;
2. The transmission, routing, connections, or storage must be carried out automatically without selection of material by the ISP;
3. The ISP must not determine the recipients;
4. Any intermediate copies must not be accessible by other than the anticipated recipient, and must not be retained for longer than reasonably necessary; and
5. The material must be transmitted with no modification of its content.¹⁰³

c. System Caching

Caching allows the ISP to retain copies for a limited time so that the ISP can fulfill subsequent requests for the same material by transmitting a copy of the retained material, rather than retrieving the material from the original source on the network. This practice reduces the waiting time on subsequent requests and reduces the ISP's bandwidth requirements. However, the practice may result in the delivery of outdated information and deprives the site owner of accurate hit information.

The limitation applies to temporary automatic storage¹⁰⁴ and is subject to the following conditions:

1. The content of the material must not be modified;¹⁰⁵
2. The ISP must comply with "refreshing" rules in accordance with accepted industry standards;¹⁰⁶
3. The ISP must not interfere with "hit" tracking technology;¹⁰⁷
4. The ISP must limit access in accordance with any conditions on access, such as fees or passwords, imposed by the poster;¹⁰⁸ and
5. Any material must be blocked or removed when the ISP receives notice of a copyright violation.¹⁰⁹

d. Storage at Direction of Users

This limitation applies to materials on websites hosted by ISPs.¹¹⁰ To be eligible, these conditions must be met:

103. *Id.* § 512(a)(1)–(5).

104. *See id.* § 512(b)(1).

105. *Id.* § 512(b)(2)(A).

106. *Id.* § 512(b)(2)(B).

107. *See id.* § 512(b)(2)(C).

108. *See id.* § 512(b)(2)(C).

109. *Id.* § 512(b)(2)(E).

110. *Id.* § 512(c)(1).

1. The ISP must not have the requisite level of knowledge of the infringing activity. The knowledge standard requires that the ISP does not have actual knowledge of the infringement, is not aware of facts or circumstances from which infringing activity is apparent, and, upon obtaining such knowledge, acts expeditiously to remove or block the material.¹¹¹

2. If the ISP has the right and ability to control the infringing activity, it must not receive a financial benefit directly attributable to the infringing activity.¹¹²

3. Upon receiving proper notification of a claimed infringement, the ISP must expeditiously remove, or block access to, the material.¹¹³

In addition, the ISP must have filed with the Copyright Office a designation of an agent to receive notifications of claimed infringement.¹¹⁴

Notice of a copyright infringement claim must comply with § 512(c)(3). The notice must be made under penalty of perjury and must identify the work.¹¹⁵ Failure to substantially comply with the notice requirements means that the notice will not be considered in determining the requisite level of knowledge by the ISP.¹¹⁶ If prompt action is taken, the ISP is exempt from monetary damages.¹¹⁷ In addition, the ISP is protected from liability to any person for claims based on its removal of the material based on good faith compliance with a claim of infringement.¹¹⁸

The statute also provides for a counter notice from the poster. The ISP must notify the subscriber, and if the subscriber provides a counter notice in accordance with the statutory requirements, then, unless the copyright owner files an action against the subscriber, the ISP must put the material back up or remove the block to access.¹¹⁹

Penalties are provided for knowing material misrepresentations in the notice and counter notice. The penalties available include damages, costs, and attorneys' fees, incurred by the alleged infringer, the copyright owner, or the ISP.¹²⁰

111. *Id.* § 512(c)(1)(A)(i)–(iii).

112. *Id.* § 512(c)(1)(B).

113. *Id.* § 512(c)(1)(C).

114. *Id.* § 512(c)(2). See U.S. COPYRIGHT FORMS at <http://www.copyright.gov/forms> (last visited July 16, 2002), and DIRECTORY OF SERVICE PROVIDER AGENTS FOR NOTIFICATION OF CLAIMS OF INFRINGEMENT at <http://www.copyright.gov/onlinesp/list/index.html> (last visited July 16, 2002), for forms and a list of agents.

115. See *id.* § 512(c)(3)(A)(vi).

116. *Id.* § 512(c)(3)(B)(i).

117. *Id.* § 512(c)(1)(A)(iii).

118. *Id.* § 512(g)(1).

119. *Id.* § 512(g)(2)(A)–(C).

120. *Id.* § 512(f).

e. Information Location Tools

Section 512(d) relates to hyperlinks, online directories, search engines, and the like. It limits liability for linking upon these conditions:

1. The ISP must not have actual or constructive knowledge that the material is infringing;
2. If the ISP has the right and ability to control the infringing activity, the ISP must not receive financial benefit directly attributable to the infringing activity; and
3. Upon receiving notice of claimed infringement, the ISP must remove, or block access to, the material.¹²¹

f. Nonprofit Educational Institutions

Section 512(e) determines when the actions or knowledge of either a faculty member or a graduate student affect the eligibility of the institution for one of the four limitations on liability. For transitory communications and caching, the faculty member or student performing a teaching or research function is considered a "person other than the provider" so as to avoid disqualifying the institution from eligibility.¹²² As to the other limitations, the knowledge of the faculty or student will not be attributed to the institution so long as the following conditions are met:

1. The faculty member's or student's infringing activities do not involve providing online access to course materials that were required or recommended during the past three years for a course taught at the same institution;
2. The institution has not received more than two notifications over the past three years that the faculty member or student was infringing; and
3. The institution provides all its users with informational materials that describe and promote compliance with copyright law.¹²³

IV. ANALYSIS OF CASES DEALING WITH ENFORCEMENT OF RIGHT IN DIGITAL WORKS

The enforcement of rights in a digital work frequently starts with a copyright claim. While the focus of this Article is copyright law, the discussion that follows does touch on other areas of applicable law. The Internet has resulted in such a merger of technology, content, and value that creative advocates have brought to bear a wide variety of other laws. These include: criminal statutes related to computers and personal information, contract, right of privacy, right of publicity, trespass, unfair competition, unjust enrichment, and trade secrets. Fur-

121. *Id.* § 512(d)(1)-(3).

122. *See id.* § 512(e)(1).

123. *Id.* § 512(e)(1)(A)-(C).

ther, this Part addresses how the typical copyright defenses, such as fair use, are dealt with under the DMCA.

A. *Ownership of Copyright*

The first step in an infringement case is to establish ownership of the copyright. This involves determining the nature of the work, the rights incident to the work, and the scope of any assignments or licenses related to the work.

One of the most common misconceptions regarding ownership is that if a party compensated another to make a copyrighted work, the party who paid for the preparation of the work is the owner. For employers, the “work made for hire” doctrine provides that they own the copyright in the work.¹²⁴ However, the “work made for hire” doctrine applies only to works made by employees within the scope of employment and to specifically enumerated commissioned works, provided there was a written agreement accompanying the commission. Thus, a photographer who was hired by a reporter to accompany him on a trip owned the copyright in the photographs rather than the reporter.¹²⁵

Ownership must also be taken into account with regard to collective works. The works included in a collection may be owned by different persons. The owner of a copyright in the collection is distinct from the owners of the individual works. However, the owner of the collective work has only “the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.”¹²⁶ This privilege has been narrowly construed.¹²⁷ Several periodical publishers who obtained contributions from freelance writers entered into licensing agreements with database operators to store and to retrieve the content of the periodicals.¹²⁸ A user of a database such as Lexis-Nexis could search and locate a particular contribution. The database then displayed the contribution. Freelance authors sued for infringement.¹²⁹ The database retrieval was found to be an infringement because the database was not a revision of the collective work; that is, the database did not retrieve the article in context with the collective work. Thus the database owners/operators had no license or right to

124. *Cnty. For Creative Non-Violence v. Reid*, 490 U.S. 730, 737, 10 USPQ2d 1985, 1989 (1989).

125. *See, e.g., id.* at 730, 10 USPQ2d at 1985 (1989) (limiting work-for-hire doctrine to conventional employer-employee relationships, and refusing to apply the doctrine to an independent contractor).

126. 17 U.S.C. § 201(c).

127. *N.Y. Times Co., Inc. v. Tasini*, 533 U.S. 483, 488, 59 USPQ2d 1001, 1004 (2001).

128. *Id.* at 483, 59 USPQ2d at 1001.

129. *Id.* at 2386–87, 59 USPQ2d at 1005–06.

reproduce the contributions in the database because the periodical owners had no authority to grant or license those rights.¹³⁰

The owner of the copyright in a collective work has a privilege to make revisions, but employing new technology to make a revision carries with it risks. *National Geographic* sought to take advantage of the digital age; it worked with a programming company to produce the *Complete National Geographic* on disk.¹³¹ The disk included an introductory montage which showed ten of its magazine covers morphing from one to another accompanied by music.¹³² At least one of the ten covers was owned by a freelance photographer. After the introduction was played, the user could review the contents of past issues of *National Geographic*.¹³³ On the CD were three programs: one was the sequence program to provide the introduction, one was the replicator to reproduce the various issues, and the third was a storage and retrieval system for the images.¹³⁴ The court found that the CD comprised a new compilation by *National Geographic* and the software supplier.¹³⁵ Thus, the court found that the CD was a new work and not merely a revision of the previous *National Geographic* works.¹³⁶ The court did note that use of the replicator program to digitally reproduce the issues of the magazines may not by itself be infringing.¹³⁷ However, the remainder of the program created a new work not within the privilege conferred to the owner of a collective work.¹³⁸

In general, license agreements and partial assignments are construed favorably for the copyright owner. A particular problem in these agreements is how to address and dispose of rights in using the works with later-developed technology. Sometimes licensees are surprised to learn what their rights in a certain work actually are. For example, in *Random House, Inc. v. Rosetta Books, LLC*,¹³⁹ Random House was licensed by authors for the reproduction of books. The authors then licensed Rosetta to produce books in electronic form, *i.e.*, e-books.¹⁴⁰ Random House applied for a preliminary injunction, and the issue became whether the license form, which stated "in book form," included electronic books. The court ruled that it did not.¹⁴¹ Prior cases in reference to movie licenses that included the clause

130. *See id.* at 2393–94, 59 USPQ2d at 1011–12.

131. *Greenberg v. Nat'l Geographic Soc'y*, 244 F.3d 1267, 1269, 58 USPQ2d 1267, 1269 (11th Cir. 2001).

132. *See id.*, 58 USPQ2d at 1269.

133. *See id.*, 58 USPQ2d at 1269.

134. *See id.*, 58 USPQ2d at 1269.

135. *See id.* at 1274, 58 USPQ2d at 1273.

136. *Id.* at 1272, 1274–75, 58 USPQ2d at 1272, 1273–74.

137. *Id.* at 1274 n.14, 58 USPQ2d at 1273 n.14.

138. *Id.* at 1272, 1274–75, 58 USPQ2d at 1272, 1273–74.

139. 150 F. Supp. 2d 613, 59 USPQ2d 1660 (S.D.N.Y. 2001), *aff'd*, 283 F.3d 490, 62 USPQ2d 1063 (2d Cir. 2002).

140. *Id.* at 614, 59 USPQ2d at 1661.

141. *Id.* at 621, 59 USPQ2d at 1666.

“subsequently developed methods of distribution of movies” had been held to include videocassettes. The court noted that a videocassette was just another way to distribute a movie.¹⁴² Nevertheless, it ruled that e-books were a different medium from printed words on paper.¹⁴³ The court did not explain the distinction between e-books (as compared to books) and videocassettes (as compared to film).¹⁴⁴

While the statute defines a transfer of ownership to include an exclusive license, the Ninth Circuit has held that the license is not freely assignable by the licensee.¹⁴⁵ The court noted that the statute provided the exclusive licensee with the protections and remedies of the owner.¹⁴⁶ The court ruled that an exclusive license could be assigned only with the consent of the owner, where the license was silent as to the right to assign.¹⁴⁷

Works which have entered the public domain and U.S. Government works are not subject to copyright protection. However, the U.S. Government is not precluded from receiving and holding copyrights transferred to it.

B. *Determining What Is Protected*

1. Ideas vs. Expression

One difficulty in demonstrating copyright infringement of a work (e.g., computer software) is determining what part or parts of the work are protected by copyright, such that they can be infringed. The courts have developed a test for the analysis of whether a computer program is protectable and whether it has been infringed.

Computer program infringement cases apply what has been called the abstraction-filtration-comparison test. This test seems to be an expression of what courts implicitly did in evaluating other types of infringement, but never articulated.¹⁴⁸ In the first step, the abstraction step, the conceptual structure of the program is identified. The court must identify the general purpose of the program, rather like describing the plot of a novel. Also identified are the general structure of the program and specifics of data formats, field organization, program sequence, and structure. This part of the test is similar to identifying characters, relationships between the characters, and the sequence of the story in a literary work. The court also compares the source and

142. *Id.* at 622–23, 59 USPQ2d at 1666–67 (distinguishing *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481 (2d Cir. 1998); *Bourne v. Walt Disney Co.*, 68 F.3d 621 (2d Cir. 1995); *Bloom v. Hearst Entm’t, Inc.*, 33 F.3d 518 (5th Cir. 1994)).

143. *Id.* at 622, 59 USPQ2d at 1667.

144. *See id.* at 622–24, 59 USPQ2d at 1666–68.

145. *Gardner v. Nike, Inc.*, 279 F.3d 774, 779–80, 61 USPQ2d 1529, 1533 (9th Cir. 2002).

146. *Id.* at 780, 61 USPQ2d at 1533.

147. *Id.* at 780–81, 61 USPQ2d at 1533–34.

148. *Computer Assocs. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 706–12 (2d Cir. 1992).

object code. This comparison is like comparing the details of the literary work, such as specific expressions and dialogue by the characters.

In the second step, the filtration step, the court filters out aspects of the software that are not protected by copyright. For example, the function of the program may be a common business problem, e.g., payroll accounting, which necessarily requires specific functions to be useful. Various elements and sequence of program structure would also be necessary. For example, one must determine what the employee earned before making deductions.

Many cases arise when a customer finds a software program is deficient and then seeks a replacement program from another source. In *Computer Management Assistance Co. v. Robert F. DeCastro, Inc.*,¹⁴⁹ Computer Management licensed a pricing program, designed specifically for distributors in the picture-framing industry, to DeCastro, a distributor. DeCastro desired some customized features to tailor the program to its business. Not satisfied with subsequent modifications, DeCastro engaged another software company to customize its general-purpose program to meet its needs.¹⁵⁰ Based on a two-pronged “abstraction evaluation” evaluation,¹⁵¹ the court found the changes were required by business needs and thus *scenes a faire*.¹⁵² Perhaps of significance was that, although the first software provider’s program was still on the company’s computer, there was no evidence the second software company had accessed the other program.

Of interest is the fact that the copyright owner deposited only object code (machine readable code). Thus, the Copyright Office issued a registration under the rule of doubt. This kind of registration reflects that Copyright Office employees are unable to read the machine code to determine if there is original authorship in the code. In this kind of registration, the burden is on the plaintiff to demonstrate the work is a copyrightable work, in contrast to a regular registration, in which the work is presumed to be copyrightable. Although the court found the underlying abstraction of defendant’s program was non-copyrightable subject matter, it appeared to be heavily influenced by the lack of evidence of copying. Thus, the case represents a unique blend of independent creative and non-copyrightable subject matter. In other words, the business needs were defined, and then the second party independently prepared a program to meet those needs.

After the court determines the copyright protected aspects of the software, the court uses the comparison step to determine whether the copyright protected aspects of the software are infringed. To accom-

149. 220 F.3d 396, 55 USPQ2d 1643 (5th Cir. 2000).

150. *See id.* at 399, 55 USPQ2d at 1644-45.

151. *Id.* at 400-01, 55 USPQ2d at 1646 (citing *Eng. Dynamics, Inc. v. Structural Software, Inc.*, 26 F.3d 1335, 1342 (5th Cir. 1994) (citing *Gates Rubber Co. v. Bando Mfg. of Am., Inc.*, 9 F.3d 823, 834 (10th Cir. 1993))).

152. *Id.* at 402, 55 USPQ2d at 1647.

plish the comparison test, the court simply compares the protectable aspects of the infringed work to the allegedly infringing work. The court must ask whether the allegedly infringing work is “substantially similar” to the copyright protected aspects of the software. Currently, conflict among the various circuits exists as to whether the “abstraction-filtration-comparison” test should be applied to non-software-based copyrighted works.¹⁵³

2. Factual Information vs. Creative Expression

Fact or creative expression? That is the question. Information which at first blush may appear to be a fact has been ruled to be creative expression.

In *CDN, Inc., v. Kapes*,¹⁵⁴ a website operator posted retail and wholesale prices on his website. CDN sued the website operator for copyright infringement after it posted prices copied from the price list on the CDN website.¹⁵⁵ The owner of CDN used a web crawler to compile many pieces of information from numerous sources and then reviewed the material before determining his prices.¹⁵⁶ The court in *CDN* found that the CDN wholesale prices were creative expressions, not facts, because they were determined through more than just the application of a formula.¹⁵⁷ The court was impressed that CDN had not merely applied a simple calculation to the information it obtained to set its wholesale price.¹⁵⁸ The suggestion is that one should never write down a process of evaluation because it may be construed as a simple mechanical application. In every appraisal there is always some theory applied. The case suggests that the more automated the applied theory is, the less it is expression. Furthermore, miniscule changes or merely functional changes to a work do not necessarily make it protectable.¹⁵⁹

Determining data values for look-up tables for an engine control program was ruled creative in *Superchips, Inc. v. Street & Performance Electronics, Inc.*¹⁶⁰ Ford Automotive uses a computer program to control engine functions. Superchips modified the factory-set data and

153. See *Compaq Computer Corp. v. Ergonome, Inc.*, 137 F. Supp. 2d 768, 773 n.2 (S.D. Tex. 2001) (citing 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHTS, § 13.03[F] at 13-102.17 (2002)).

154. 197 F.3d 1256, 53 USPQ2d 1032 (9th Cir. 1999).

155. See *id.* at 1257-58, 53 USPQ2d at 1033.

156. See *id.* at 1258, 53 USPQ2d at 1033.

157. See *id.* at 1260, 53 USPQ2d at 1035.

158. See *id.* at 1260-61, 53 USPQ2d at 1035.

159. *Torah Soft, Ltd. v. Drosnin*, 136 F. Supp. 2d 276, 287-88, 58 USPQ2d 1583, 1591-92 (S.D.N.Y. 2001) (citing *Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 674, 681 (2d Cir. 1998); *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 492 (2d Cir. 1976); *Grove Press, Inc., v. Collectors Publ'n, Inc.*, 264 F. Supp. 603, 605 (C.D. Cal. 1967)).

160. No. 6:00-CV-896-ORL-31 KRS, 2001 U.S. Dist. LEXIS 23595, at *13-14, 61 USPQ2d 1589, 1593 (M.D. Fla. Dec. 6, 2001).

uploaded the modified data in a chip. Superchips selected the new data based on tuning of the engine for desired performance.¹⁶¹ In operation the Ford program was not changed, only the data input to the program changed. S & P copied Superchips's data chip.¹⁶² The court concluded that S & P did not sufficiently refute expert testimony that the chip was not an unoriginal compilation of facts, but rather represented a "myriad of factors [such as] engine tolerances, fuel efficiency, and the interplay between . . . the controlled elements."¹⁶³

In contrast, in *Ticketmaster Corp. v. Tickets.Com, Inc.*,¹⁶⁴ the court assumed ticket prices were factual information and addressed whether retrieval of unprotected factual data downloaded from a publicly available website constituted copyright infringement and whether hyperlinking directly to an interior, genuine web page of an original author with no copying of the web page is sufficient to state a claim for copyright infringement.¹⁶⁵ Ticketmaster, a ticket broker that sells tickets to various events, operates a website containing basic factual information (data that is not protected by copyright) regarding upcoming events.¹⁶⁶

Defendant, Tickets.Com, also a ticket broker, operated a website on which it sold tickets to various events.¹⁶⁷ Tickets.Com also surfed the Internet to find websites containing information on events to which Tickets.Com did not sell tickets.¹⁶⁸ Tickets.Com would then post the information taken from these websites on the Tickets.Com website.¹⁶⁹ When providing the unprotected factual information retrieved from other ticket brokers to its customers, Tickets.Com was required to access the website of competitor, Ticketmaster, to retrieve the information. Tickets.Com would then post the factual information on Tickets.Com's own web page.¹⁷⁰ When a customer wanted to purchase tickets for an event to which Tickets.Com did not sell tickets, Tickets.Com linked (hyperlinked) the customer directly to the genuine Ticketmaster web page listing that event. This hyperlinking bypassed the Ticketmaster homepage.¹⁷¹

The court rejected Ticketmaster's claim that retrieval of basic unprotected factual information from a publicly available web page and use of those facts constituted copyright infringement because the fac-

161. *See id.* at *3, 61 USPQ2d at 1590.

162. *See id.* at *4-5, 61 USPQ2d at 1590.

163. *Id.* at *13, 61 USPQ2d at 1593.

164. No. CV 99-7654 HLH (BQRx), 2000 U.S. Dist. LEXIS 4553, at *3-5, 54 USPQ2d 1344, 1345 (C.D. Cal. Mar. 27, 2000).

165. *See id.* at *5-6, 54 USPQ2d at 1345-46.

166. *See id.* at *2-3, 54 USPQ2d at 1345.

167. *Id.* at *3, 54 USPQ2d at 1345.

168. *See id.* at *3-4, 54 USPQ2d at 1345.

169. *Id.* at *4, 54 USPQ2d at 1345.

170. *See id.* at *4-5, 54 USPQ2d at 1345.

171. *Id.* at *4, 54 USPQ2d at 1345.

tual data was not protected and there was no copying of the expression of those facts. The court further held that it was not deceptive and it was not copyright infringement to provide a hyperlink to a competitor website when the customer was directed to the genuine web page because there was no copying of the web page. The court also held that there is no jurisdiction for copyright infringement claim in federal court "until the copyright has been registered or . . . refused registration."¹⁷²

3. Original Work of Authorship

To be protectable, a work must have some minimal level of creativity. However, not much is required in the way of creativity. For example, the movie *McClintock!* is in the public domain. A derivative work of the movie was made by the pan and scan technique and copyrighted. The result was a copy adapted to fit a television screen, losing about forty percent of the visual field of the movie version.¹⁷³ Also, the movie's soundtrack was digitized to improve quality. Another company copied the derivative work and defended on the basis that the original version was in the public domain and the derivative work did not possess sufficient creativity.¹⁷⁴ The court found that the selection of the portion of the original that was scanned was a creative process.¹⁷⁵ Also, the court found that enhancing the quality of the sound was creative, despite expert testimony that there was no perceivable difference.¹⁷⁶ A concern raised by this approach is that a technical change in quality, imperceptible to the majority of the public, is copyrightable, but throughout the ages have not copies of prior works seldom had the same quality as the original? Does copying a longhand manuscript into a more legible handwriting make the copy a copyrightable derivative work?

C. Deposit Requirement

Compliance with the deposit rules is also a requirement to maintain suit. In one case, where the owner of a computer program failed to make a complete deposit of the work, a court granted summary judgment of noninfringement.¹⁷⁷ Courts are not bound by the Copyright Office acceptance of a deposit. Where a party submitted a registration for over 90,000 documents, but deposited only 100 pages, the

172. *Id.* at *6, 54 USPQ2d at 1346.

173. *Maljack Prods., Inc. v. UAV Corp.*, 964 F. Supp. 1416, 1418 (C.D. Cal. 1997), *aff'd sub nom. Batjac Prods., Inc. v. Goodtimes Home Video Corp.*, 160 F.3d 1223, 48 USPQ2d 1647 (9th Cir. 1998).

174. *See id.* at 1419-25.

175. *See id.* at 1426-28.

176. *See id.* at 1428.

177. *Geoscan, Inc. of Tex. v. Geotrace Techs., Inc.*, 226 F.3d 387, 393, 56 USPQ2d 1312, 1316 (5th Cir. 2000).

court found the deposit insufficient.¹⁷⁸ However, innocent and inadvertent errors in the deposit may be forgiven.¹⁷⁹

Care must be exercised to register the copyright using the proper form, as the registration sets out the type of coverage sought. A registration for a work as an "audiovisual work" rather than "musical" work means copyright protection is being sought for video and television commercials, rather than for the song used therein; therefore, the registration does not confer subject matter jurisdiction for an infringement action related to the song.¹⁸⁰

D. *Activities Which Constitute Copying*

1. Copying and Computers

Present computer technology creates a copy in RAM of information stored on a storage medium in order to display the information to the user. However, not all activity actually creates a copy; for example, linking. This function leads to at least a technical violation of the reproduction right.

a. *Linking*

The term "linking" can have a variety of meanings to different people. Most commonly "linking" defines the process by which the user is transferred from one website to another. The linking may be a "deep" link, which takes a user to an internal page of another website rather than its home page.

When reviewing cases dealing with "linking," one must always determine the type of linking involved, as well as the rights of the copyright owner in question. In general, linking is not an infringement of the reproduction right because the site where the link was located ("linking site") does not reproduce the site. Rather the information is reproduced from the site to which the user was linked ("linked site"). Courts have viewed the linking site in the context of a library card system or a newspaper advertisement, which takes the user to the site of the material.¹⁸¹

The act of providing a link may subject the provider to liability for contributory infringement, particularly if the link is accompanied by encouragement to visit the linked site and copy its information. At least one party has argued that framing creates a derivative work and is therefore infringing. The plaintiff in that case survived a motion to

178. *Grundberg v. Upjohn Co.*, 137 F.R.D. 372, 387, 19 USPQ2d 1590, 1596-97 (D. Utah 1991).

179. *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1161-63, 32 USPQ2d 1385, 1394-96 (1st Cir. 1994).

180. *Raquel v. Educ. Mgmt. Corp.*, 196 F.3d 171, 179-80, 52 USPQ2d 1705, 1710-11 (3rd Cir. 1999), *vacated by* 531 U.S. 952 (2000) (mem.).

181. *Ticketmaster Corp. v. Tickets.com, Inc.*, No. CV 99-7654 HLH (BQRx), 2000 U.S. Dist. LEXIS 4553, at *6, 54 USPQ2d 1344, 1346 (C.D. Cal. Mar. 27, 2000).

dismiss to allow the plaintiff the opportunity to show that the framed link was incorporated in “some concrete or permanent form.”¹⁸² Linking may also be held to be a violation of the anti-trafficking provision.¹⁸³

b. Framing or Inline Linking

Framing, also called “inline linking,” defines where the link to a web page is imported into the originating website in a frame. The original site is still open, and closing the linked-to site does not close the original page. The court in *Kelly v. Aribba Soft Corp.*¹⁸⁴ found that framing violated the display right of the copyright owner of the linked site. The court rejected a defense that there was no evidence that anyone viewed the linked site, and that it was sufficient that adopting a policy that allowed the defendant to place images in files available to subscribers entailed display. The court also rejected a fair use defense on the basis that it resulted in the loss of potential markets for the linked site.

In *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.*,¹⁸⁵ the court held that providing a link with encouragement to copy the linked site was contributory infringement. However, the facts of the case suggest that the holding may be narrowly construed. The defendant had infringed the plaintiff’s copyright by posting portions of the plaintiff’s book on a website.¹⁸⁶ The court ordered the removal.¹⁸⁷ The defendant removed the book, but provided a link to it and posted an email encouraging others to copy the book. Further, the defendant provided a response to an inquiry about a failed attempt to download the material with instructions as to how to browse the website.¹⁸⁸

c. Posting, Linking, and the First Amendment

As discussed above, §§ 1201(a)(2) and 1201(b)(1) prohibit the trafficking in any technology, device, service, etc., which is primarily designed to circumvent technological controls of digital works. Courts have clearly held the posting of material in violation of the DMCA to be illegal.¹⁸⁹ While computer codes have been held to be speech implicating the First Amendment, they are not always protected. Courts

182. *Futuredontics, Inc. v. Applied Anagramics, Inc.*, No. CV 97-6991 ABC (MANX), 1998 WL 132922, 45 USPQ2d 2005, 2010 (C.D. Cal. Jan. 30, 1998) (quoting *Louis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 968 (9th Cir. 1992)).

183. *See, e.g.*, *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 325, 55 USPQ2d 1873, 1892 (S.D.N.Y. 2000).

184. 280 F.3d 934, 947 (9th Cir. 2002).

185. 75 F. Supp. 2d 1290, 1294–95, 53 USPQ2d 1425, 1428 (D. Utah 1999).

186. *Id.* at 1292, 53 USPQ2d at 1426.

187. *Id.* at 1292, 53 USPQ2d at 1426.

188. *Id.* at 1292, 53 USPQ2d at 1426.

189. *See, e.g.*, *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 454, 60 USPQ2d 1953, 1969 (2d Cir. 2001).

have prohibited posting of certain code when it was found to be in violation of the DMCA. In *Universal City Studios, Inc. v. Corley*, the prohibition on posting material in violation of the DMCA was upheld on the grounds that it was a “content-neutral regulation with an incidental effect on . . . speech, . . . serve[d] a substantial governmental interest . . . unrelated to the suppression of free expression, and the incidental restriction on speech [did] not burden substantially more speech than . . . necessary.”¹⁹⁰

Linking may also be held to be a violation of the anti-trafficking provisions of the DMCA. The court in *Corley* also held an injunction barring Corley from linking to a site which contained material found to be in violation of the DMCA to be a valid assertion of the government’s interests and not a violation of the First Amendment.¹⁹¹ According to *Corley*, while computer codes and linking have both been held to be speech, they may not always qualify for First Amendment protection. With respect to linking, the court postulated that it was faced with “two unattractive alternatives: either tolerate some impairment of communication in order to permit Congress to prohibit decryption that may lawfully be prevented, or tolerate some decryption in order to avoid some impairment of communication.”¹⁹² Refusing to address whether an injunction would have been upheld if Corley had not known that the linked site contained material in violation of the DMCA, the *Corley* court decided to leave it to Congress to sort out the matter. This is a truly troubling analysis. Perhaps overstepping its bounds in its attempt to give “teeth” to the latest copyright provisions, the court has effectively diminished First Amendment protection in the absence of any clarification by Congress or any clearly defined intention by Congress to so severely abridge a constitutional protection. Without clear means to distinguish the cases, this holding could have very dangerous consequences.

Clearly, First Amendment issues related to the DMCA and protection of copyright in the digital age can arise in any of a variety of contexts. Cases clearly show that although computer source code is speech within the meaning of the First Amendment (having both speech and non-speech components), it is not always protected. It may still be a violation of the DMCA to post certain code or even make reference to or provide a link to a site where someone might find such code. Courts have determined it best to allow the law to mature on a case-by-case basis and have not always ruled in a manner protecting First Amendment rights or the best interests of the public. Unless Congress steps forward to more clearly define the rights of the public and the limitations of the DMCA, it will be left to the courts to

190. *Id.* at 454, 60 USPQ2d at 1969–70 (citing *Turner Broad. Sys., Inc. v. Fed. Communications Comm’n*, 512 U.S. 622, 662 (1994)).

191. *See id.* at 458, 60 USPQ2d at 1972.

192. *Id.* at 457–58, 60 USPQ2d at 1972.

step through the quagmire of First Amendment protections on a case-by-case basis.

d. Contributory Copyright Infringement

Although the act of linking itself is not likely to be considered copyright infringement, linking to a site comprising infringing content might be considered to be an act of contributory copyright infringement. Contributory infringement is established when the defendant has knowledge of another party's infringing activity and induces, causes, or materially contributes to the infringing conduct. For example, a federal court in Utah held that a website owner who linked to other websites containing infringing material and made statements encouraging website viewers to visit the linked site to view, download, and print out the materials actively encouraged copyright infringement thereby constituting copyright infringement.¹⁹³

Copyright law has recently been applied, as discussed above, to find that inline linking violates the display right. An issue that has not been addressed is whether transfer to another site by linking would be infringement, or whether permission is necessary for this type of linking. Moreover, it appears the majority of web users view linking as providing a benefit to the owner of the linked site. Many others hold the view that permission is needed before linking to a site, especially if the site expressly requests that permission be sought before linking. Additionally, e-commerce agreements often include provisions that define parameters for linking activities.¹⁹⁴

e. Automated Querying Programs—Infringement & Beyond

The use of robots, web crawlers, or other automated programs to search the Web for content is fraught with danger of infringing copyright. Any company or Internet website using such devices must be careful how they are employed. Many Internet sites embody the concept of supplying a service to their users to simplify use of the Web by being repositories for special interest information. The most expeditious manner to operate many such sites is by employing a robot to collect the information of interest.

In *Playboy Enterprises, Inc. v. Webworld, Inc.*,¹⁹⁵ Webworld used a robot to search adult oriented Internet news groups for adult images. The adult oriented news group were searched periodically and their content downloaded.¹⁹⁶ These newsgroups allow users to post items such as articles and pictures. The robot program would discard text messages and retain only the images found. A visitor to

193. *Intellectual Reserve*, 75 F. Supp. 2d at 1294–95, 53 USPQ2d at 1428.

194. SUBCOMM. ON INTERACTIVE SERVS., A.B.A. SEC. BUS. L., WEB-LINKING AGREEMENTS: CONTRACTING STRATEGIES AND MODEL PROVISIONS § 3 (1997).

195. 991 F. Supp. 543, 45 USPQ2d 1641 (N.D. Tex. 1997).

196. *Id.* at 549, 45 USPQ2d at 1644.

the website paid a subscription fee and could designate the news groups he was interested in. The program then displayed thumbnails of the images contained within those news groups.¹⁹⁷ The user could then click on the thumbnail and the full-size image was displayed. Unfortunately, the images that were posted included pictures in which Playboy owned the copyright. The use of the robot and copying of the images was found to constitute copyright infringement.¹⁹⁸

E. *Trade Secrets/Confidentiality/Computer Fraud and Abuse Act (CFAA)*

Trade secret and confidentiality agreements with former employees can be used as a valuable aid in defense of theft of copyrighted works, including theft on the Web.

In *EF Cultural Travel BV v. Explorica, Inc.*,¹⁹⁹ a former employee of the plaintiff began working with a competing company, Explorica. The business of EF was arranging travel tours for global tourists or high school students. During the term of his employment, the former EF employee signed a confidentiality agreement.²⁰⁰ After starting with Explorica, the former EF employee (defendant) used its Internet consultant to design a scraper program "to glean [key] information from EF's website."²⁰¹ Unlike a robot program, the scraper program focused solely on retrieving data from the EF website. From this data, Explorica was able to determine the prices for tours as charged by the plaintiff.²⁰² A preliminary injunction was granted by a district court based on the Computer Fraud and Abuse Act (CFAA).²⁰³ At issue was whether the accessing of the website by the former employer's robot was without authorization or exceeded authorized access.²⁰⁴ The Court of Appeals concluded that, based on the terms of the confidentiality agreement, the actions exceeded the authorized scope of access.²⁰⁵ The court noted further that the phrase "without authorization" was not defined by Congress and that "[t]he district court applied . . . the 'default rule' that conduct is without authorization only if it is not 'in line with the reasonable expectations' of the website owner and its users."²⁰⁶

However, the court on appeal focused on the term authorized access.²⁰⁷ It found that the confidentiality agreement between the for-

197. *Id.* at 550, 45 USPQ2d at 1645.

198. *Id.* at 549-53, 45 USPQ2d at 1644-47.

199. 274 F.3d 577 (1st Cir. 2001).

200. *See id.* at 582.

201. *Id.* at 579.

202. *Id.*

203. *Id.* at 580-81 (citing 18 U.S.C. § 1030(a)(4) (2000)).

204. *See id.*

205. *See id.* at 582-84.

206. *Id.* at 582 n.10.

207. *Id.*

mer employee and EF was broad.²⁰⁸ Further, it found that the former employee was using the plaintiff's proprietary information, which helped the consultant construct the scraper in order to circumvent technical restraints and to target EF data which would have no meaning to outsiders, such as tour codes.²⁰⁹ Additionally, the court noted that defendant utilized his knowledge of the construction of the plaintiff's website in order to construct the scraper.²¹⁰ The court also addressed the issue of whether the acts of the defendant had damaged the plaintiff within the meaning of the CFAA. The court ruled that the clear intent of Congress was that damages as used in the CFAA includes the term "loss," and that loss meant "expenses borne by victims that could not . . . be considered direct damage."²¹¹

F. *Defense to a Claim of Copyright Infringement*

There are several defenses to a claim of copyright infringement, including fair use and the other exemptions of the statute, as well as inequitable conduct in registration or procurement of the copyright, laches, estoppel, misuse, and the statute of limitations.

1. Web Casting Not Within Broadcast Exemption

Web casting and broadcasting are not the same.²¹² An exemption is provided for AM/FM radio broadcasters under 17 U.S.C. § 114(b)(1)(A) of the public performance right and sound recordings. However, the Copyright Office rules provided that simultaneous broadcasts of those transmissions over the Internet was not exempt under that statute.²¹³ A radio station challenged the authority of the Copyright Office to make rules concerning web casting and royalties.²¹⁴ The court ruled that digital communications over the Internet are not exempt under the statutory section.²¹⁵ The court further found that the Copyright Office rule-making authority was appropriate.²¹⁶ The court found that the exemption was limited to broadcasts confined within the scope of the license granted by the FCC to the radio station and did not extend to web casts.²¹⁷ The court found that Congress's choice not to exempt web casting from public performance

208. *Id.* at 581.

209. *See id.* at 582.

210. *See id.*

211. *Id.* at 585 (quoting *In re Doubleclick, Inc. v. Privacy Litig.*, 154 F. Supp. 2d 497, 521 (S.D.N.Y. 2001)).

212. *See Bonneville Int'l Corp. v. Peters*, 153 F. Supp. 2d 763, 775, 59 USPQ2d 1622, 1631 (E.D. Pa. 2001).

213. *Id.* at 765, 59 USPQ2d at 1623.

214. *Id.* at 765, 59 USPQ2d at 1623.

215. *Id.* at 775, 59 USPQ2d at 1631.

216. *Id.* at 779-84, 59 USPQ2d at 1634-38.

217. *Id.* at 774-79, 59 USPQ2d at 1630-34.

right under § 106 as demonstrated by 17 U.S.C. § 114(d)(2) did not support the radio station's claim of exemption.²¹⁸

2. The Defense of Fair Use

a. Fair Use

Congress incorporated the common law "fair use" doctrine in the 1976 Copyright Act.²¹⁹ Fair use is a complete defense to a claim of copyright infringement. Examples of acts that are often recognized as a fair use of copyrighted material are: use of material in criticism, comment, news reporting, teaching, scholarship, research, or parodies.²²⁰ In determining whether a work is a fair use, the courts balance four factors:

- (1) the purpose and character of the use of the copyrighted material by the defendant (including whether the use was for commercial or nonprofit educational purposes);
- (2) the nature of the copyrighted material;
- (3) the amount and substantiality of the material used by the defendant compared to the copyrighted material as a whole; and
- (4) the effect of the use of the copyrighted material on the potential market for the copyrighted material or the value of the copyrighted material.²²¹

Because a fair use determination relies entirely on the surrounding facts, it is sometimes difficult to determine what acts do and do not constitute a fair use.

b. Fair Use and Comparative Advertising

In *Sony Computer Entertainment America, Inc. v. Bleem, LLC*,²²² the plaintiff, Sony Computer Entertainment America, Inc., (Sony) sued the defendant, Bleem, LLC (Bleem) for, among other things, copyright infringement for using a "screen shot" of a Sony game as shown on a TV monitor in a comparative ad beside a similar "screen shot" of Bleem's product as seen on a PC screen.²²³ Sony manufactures video games and consoles for playing video games that are viewable on a TV monitor. Sony's video games "are engineered such that they cannot be played on a PC."²²⁴ In order to play Sony's video games, one must purchase and use the Sony console.²²⁵ Bleem de-

218. *Id.* at 775–76, 59 USPQ2d at 1631.

219. 17 U.S.C. § 107 (2000).

220. The fact that an act can be described as one these examples of fair use is not a *per se* fair use. Rather, the balance of the four factors in connection with such acts often weighs in favor of the defendant as a fair use.

221. 17 U.S.C. § 107 (2000).

222. 214 F.3d 1022, 54 USPQ2d 1753 (9th Cir. 2000).

223. *See id.* at 1024–25, 54 USPQ2d at 1755.

224. *Id.* at 1024, 54 USPQ2d at 1754.

225. *Id.* at 1024, 54 USPQ2d at 1754.

vised emulator software that allowed users of the Sony video games to play the games directly on a PC without need of the console.²²⁶ Playing the games on a PC provides better graphic quality and does not require the additional expenditure for the console. In developing the emulation software, Bleem reverse engineered the components of the console.²²⁷ “The district court ruled in favor of Sony, [issuing] a preliminary injunction against Bleem.”²²⁸ The issue before the court on appeal was “whether Bleem’s unauthorized use of Sony . . . game screen shots [as comparative advertising] in its advertise[ment] was a violation of Sony’s copyright.”²²⁹ The court held that “it is a fair use for Bleem to advertise comparatively only between what PlayStation games *actually* look like on a television and what they *actually* look like on a computer when played with the emulator. With that limitation in mind, we conclude that Bleem’s use of Sony’s copyrighted material was fair.”²³⁰

c. Fair Use and Parody

Although not a digital copyright case, an interesting discussion of fair use is presented in a case concerning the publication *The Wind Done Gone*, which was based on *Gone With the Wind*.²³¹ *Gone With the Wind*’s copyright owners’ request for a preliminary injunction was granted by the district court, but the court of appeals vacated the judgment.²³² This case involved a balancing between the copyright clause and the First Amendment.²³³ Copyright laws were enacted in part to prevent private censorship and the First Amendment was enacted to prevent public censorship. First Amendment privileges are preserved by the fair use doctrine. The defense in this case was that *The Wind Done Gone* was a parody.²³⁴ The first half of *The Wind Done Gone* borrowed extensively from *Gone With the Wind*.²³⁵ One purpose in fair use is to provide comment and criticism. A parody needs to mimic an original work to make its point, so the use of the original is required. Pneumatically, the new work provided a different viewpoint of the antebellum world and removed the traditional race roles. Parody is frequently criticized as a poor author’s way to avoid the drudgery in working up something fresh. However in this case the court found that the author needed to borrow from *Gone With the Wind* to

226. *Id.* at 1024, 54 USPQ2d at 1754.

227. *Id.* at 1025, 54 USPQ2d at 1755.

228. *Id.* at 1025, 54 USPQ2d at 1755.

229. *Id.* at 1025, 54 USPQ2d at 1755.

230. *Id.* at 1030, 54 USPQ2d at 1759.

231. *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1264–76, 60 USPQ2d 1225, 1230–31, 1233–39 (11th Cir. 2001).

232. *See id.* at 1276–77, 60 USPQ2d at 1240.

233. *See generally id.* at 1260–65, 60 USPQ2d at 1227–31.

234. *Id.* at 1268, 60 USPQ2d at 1233.

235. *See id.* at 1259, 60 USPQ2d at 1226.

criticize it.²³⁶ One difficulty is that a parody must “‘conjure up’ at least enough of [the] original to make the object of its [ridicule] recognizable.”²³⁷ Once that amount has been taken, “any further taking must specifically serve the paradotic aim.”²³⁸ Not every parody, therefore, is fair use. Thus, the question is whether additional material was taken beyond that needed to conjure up the original. If so, such extraneous material is unlawful only if it negatively affects the potential market for the original copyright. The court found that the extra taking from *Gone With the Wind*, beyond that needed, did not substantially affect the value of *Gone With the Wind*.²³⁹

3. Reverse Engineering Is Fair Use Under *Sega* and *Sony*

Reverse engineering of a software code provides access to functional elements in a computer code, which are necessary to develop software, or application-compatible products. The process of reverse engineering requires the creation of an intermediate copy of the copyrighted work, followed by its disassembly.

Recent case law suggests that the making of an intermediate copy of computer code for the purpose of reverse engineering is considered fair use. In a 1993 case, *Sega Enterprises Ltd. v. Accolade, Inc.*,²⁴⁰ the Court of Appeals for the Ninth Circuit held that the making of an intermediate copy of software for purposes of reverse engineering was fair use where the process of reverse engineering was conducted to gain access to uncopyrightable elements of the work for the purpose of achieving interoperability.²⁴¹

With respect to emulation environments, the court in *Sony Computer Entertainment, Inc. v. Connectix Corp.*²⁴² found fair use and concluded that observation and partial disassembly were necessary methods for accessing unprotected functional elements of a computer program, where the intermediate copying and disassembling were conducted for observation purposes in an emulated computer environment.²⁴³

In *Universal City Studios, Inc. v. Reimerdes*,²⁴⁴ the court held that disseminating copies of a computer program (DeCSS) that enabled users to circumvent digital protection measures on a digital video disk such as (CSS), in order to view the disk, was not within the reverse

236. *See id.* at 1271, 60 USPQ2d at 1235.

237. *Id.* at 1271, 60 USPQ2d at 1236 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588 (1994)).

238. *Id.* at 1271, 60 USPQ2d at 1236 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588 (1994)).

239. *See id.* at 1275–76, 60 USPQ2d at 1239.

240. 977 F.2d 1510, 24 USPQ2d 1561 (9th Cir. 1993).

241. *See id.* at 1519–21, 24 USPQ2d at 1567–69.

242. 203 F.3d 596, 603–04, 53 USPQ2d 1705, 1710–11 (9th Cir. 2000).

243. *See id.* at 603–04, 609, 53 USPQ2d at 1710–11, 1715.

244. 111 F. Supp. 2d 294, 55 USPQ2d 1873 (S.D.N.Y. 2000).

engineering exception of the DMCA.²⁴⁵ Unlike in *Sony* above, the court did not find that the purpose of the development or dissemination of the DeCSS code was solely to achieve interoperability. Further, the court in *Universal* stated that the decision in *Sony* “involved a construction of the Copyright Act that has been overruled by the later enactment of the DMCA to the extent of any inconsistency between *Sony* and the new statute.”²⁴⁶

Reverse engineering may be prohibited by contract. In *DVD Copy Control Assn. v. Bunner*,²⁴⁷ the court found that because the DMCA provides an exemption for reverse engineering: “[t]he only way in which the reverse engineering would be considered ‘improper means’ would be if whoever did the reverse engineering was subject to the click licence [sic] agreement which preconditioned installation of DVD software or hardware, and prohibited reverse engineering.”²⁴⁸

4. Backup or Backup Against the Wall—Backup Is Fair Use

To prevent loss of data stored on a computer, it is common practice to back up the file contents of computers. Section 117(c) of the Copyright Act permits creation of a backup copy as an exception to the copyright owner’s exclusive rights. Section 117(c) is limited to computer programs. It was enacted to meet the concerns created by decisions such as *MAI Systems Corp. v. Peak Computer, Inc.*²⁴⁹ In *MAI*, the court held that it was an infringement for a computer service company to copy a program in order to provide service.²⁵⁰ The statutory exemption of § 117(c) permits a copy to be made for archival purposes, which is essential to utilization of the program. The question becomes whether making a backup of data files is an infringing activity. Is it fair use?

It can be argued that making a backup of data files is a fair use. Under the first element, the backup copy is not for commercial purposes, it is merely incidental to normal business safeguarding of information. The second factor, the nature of the work, depends on the nature of the file copied, such as a factual data file versus a creative music file. The third factor is weighted against the maker of the backup because, in essence, when the file is loaded, a copy is made. The final factor is the effect on the value of the copyrighted work, which is open to question. For example, if a book were destroyed by a fire, the owner would have to purchase a second copy. The owner of the book enjoys no right to make a backup copy of the book. On the other hand, the owner of a backup copy of a digital book would be

245. See *id.* at 319–20, 55 USPQ2d at 1888.

246. *Id.* at 323, 55 USPQ2d at 1891.

247. 113 Cal. Rptr. 2d 338, 60 USPQ2d 1803 (Cal. Ct. App. 2001).

248. *Id.* at 344, 60 USPQ2d at 1806–07 (quoting unreported trial court findings).

249. 991 F.2d 511, 517–20, 26 USPQ2d 1458, 1462–65 (9th Cir. 1993).

250. See *id.* at 518, 26 USPQ2d at 1463–64.

claiming an additional right. Without it, he would be required to purchase a second copy of the digital book. Does the fact that the electronic data may be stored on a large hard drive make the copying any more a fair use? The Copyright Office has suggested that an exemption should be created to permit making backup copies.²⁵¹

Fair use also affects the delivery of digital works electronically. When a consumer purchases a digital copy of a song, that song is downloaded from the source and copied temporarily into RAM at the nodes of the Internet and at the Internet service provider.²⁵² Eventually it is copied in the consumer's computer prior to storage as a file. It has been argued that RAM copying is fair use since the copying is necessary for distribution. Question: Can the copyright owner also charge a royalty each time the music is played? Each time the digital music file is played, it will again be loaded into computer RAM for playing. This illustrates that for digital files, the distribution and the reproduction rights are coincident.²⁵³ Unfortunately, the safe harbor provisions of the DMCA were intended to address this issue from the service provider standpoint only, not from the consumer standpoint.

5. Copyright Misuse as a Defense

- Various circuits recognize copyright misuse as a valid defense.²⁵⁴ To establish copyright misuse, the defendant must establish either (1) that the copyright owner violated the antitrust laws, or (2) that the copyright owner illegally extended its monopoly beyond the scope of the copyright or violated the public policies underlying the copyright laws.²⁵⁵ The misuse defense failed in the case *Microsoft Corp. v. Compuserve Distributors, Inc.*²⁵⁶ In this case the defendants sold counterfeit Microsoft operating systems. Prior to completion of the case, Microsoft was found to have created a monopoly in *United States v. Microsoft Corp.*²⁵⁷ The defendant attempted to claim that Microsoft was thus collaterally estopped from contending that it was not a monopoly.²⁵⁸ The court ruled that Compuserve failed to demonstrate it

251. *Digital Millennium Copyright Act: Hearing on Section 104 Report Before the Subcomm. on Courts, the Internet, and Intellectual Prop. of the House Comm. on the Judiciary*, 107th Cong. 23–25 (2001) [hereinafter *Hearings*] (statement of Marybeth Peters, Register of Copyrights, Copyright Office of the United States), available at http://commdocs.house.gov/committees/judiciary/hju76669.000/hju76669_0.htm.

252. *MAI*, 991 F.2d at 518, 26 USPQ2d at 1463–64.

253. *Hearings*, *supra* note 244, at 23.

254. *See, e.g., Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 973–77, 15 USPQ2d 1846, 1849–52 (4th Cir. 1990) (drawing analogy to patent misuse defense, as recognized in *Morton Salt Co. v. G.S. Suppinger*, 314 U.S. 488 (1942), and determining that copyright misuse is a valid defense).

255. *See id.* at 978, 15 USPQ2d at 1853.

256. 115 F. Supp. 2d 800, 811 (E.D. Mich. 2000).

257. 87 F. Supp. 2d 30, 54 USPQ2d 1365 (2000), *aff'd in part, rev'd in part*, 253 F.3d 34 (2001).

258. *Compuserve*, 115 F. Supp. 2d at 810.

was entitled to apply collateral estoppel and that it had “not demonstrated any causal [relationship] between . . . antitrust violation[s] by Microsoft and Compusource’s competitive position.”²⁵⁹ The court noted that Compusource was not a competitor of Microsoft in the development of computer operating systems.²⁶⁰

G. The DMCA

It should be recalled that the DMCA is not confined to addressing the rights incident to a copyright. The DMCA also addresses access to copyrighted works and the integrity of copyright management information. Thus, the DMCA potentially raises concerns of whether such rights are consistent with other rights.

1. DMCA and First Amendment Issues

*Universal City Studios, Inc. v. Corley*²⁶¹ is a case involving the DMCA where the plaintiff used the DMCA in an attempt to prevent possible copyright infringement. Defendant Corley published a magazine for hackers and ran a website entitled 2600.com.²⁶² He wrote an article concerning the circumvention of the movie industry’s efforts to protect DVDs (digital versatile disks) and the industry’s efforts to shut down sites posting the decoding program DeCSS. He also posted copies of the object code and source code for the DeCSS on his website.²⁶³ Section 1201(a)(2) of the DMCA is directed at trafficking in technologies whose primary purpose is to circumvent technology designed to prevent access to a work.²⁶⁴ The district court held that providing the links to the source and object code for DeCSS was trafficking, and enjoined Corley from providing the code on his site and from posting a link to other sites providing the DeCSS code.²⁶⁵

Corley presented three arguments for a narrow interpretation of the statute “so as to avoid constitutional problems.”²⁶⁶ First, he argued that the statute should be read to allow circumvention of technology when the material would be put to fair use exempted by the copyright statute.²⁶⁷ The court found that the act “does not concern itself with the use of . . . materials after circumvention.”²⁶⁸ Second, it was argued that the statute specifically states that it does not enlarge or diminish the rights of free speech.²⁶⁹ Congress clearly did not intend to enlarge

259. *Id.* at 811.

260. *See id.*

261. 273 F.3d 429, 60 USPQ2d 1953 (2d Cir. 2001).

262. *Id.* at 435, 60 USPQ2d at 1955.

263. *See id.* at 435, 60 USPQ2d at 1955.

264. *Id.* at 435, 60 USPQ2d at 1955 (citing 17 U.S.C. § 1201(a)(2) (2000)).

265. *See id.* at 441, 60 USPQ2d at 1960.

266. *Id.* at 443, 60 USPQ2d at 1961.

267. *Id.* at 443, 60 USPQ2d at 1961.

268. *Id.* at 443, 60 USPQ2d at 1961.

269. *See id.* at 444, 60 USPQ2d at 1962.

any rights. Third, Corley argued that the individual owner who bought the DVD “had ‘the authority of the copyright owner’ to view the DVD, and [was] therefore . . . exempted from a claim” of copyright infringement.²⁷⁰ The court found this argument was flawed in that liability under the DMCA is for those who “decrypt an encrypted DVD with the authority of [the] copyright owner, not those who . . . view a DVD with the authority” of the copyright owner.²⁷¹

Further, Corley contended that the DMCA exceeded the powers of Congress by allowing copyright owners to “effectively secure perpetual protection.”²⁷² Corley’s claim was rejected as premature and not properly presented.²⁷³

The court also noted that a computer code is a form of speech and therefore subject to First Amendment protection.²⁷⁴ After determining that computer code was subject to First Amendment protection, the court then analyzed whether the restrictions were content-based or content-neutral.²⁷⁵ The court noted that the computer code or link was not the same as a blueprint or recipe because with the latter, a human had to instigate the result.²⁷⁶ Here, there was little need for human intervention to apply the program. The court found that, considering the potential harm that could be caused, there was a functional component to the speech; thus, it was entitled to less protection than pure speech.²⁷⁷ The court likened decryption technology to a form of protecting property, like a key to a house. However, unlike a skeleton key, the decryption program had an element of speech. Both speech and non-speech aspects were represented by the program, and because the injunction prohibiting posting the link was content-neutral, the court upheld it as a reasonable restriction.²⁷⁸ With regard to linking, the district court had noted that there was a speech and non-speech component. The district court was also concerned that strict liability for linking the websites could impair free expression.²⁷⁹ Thus, the injunction required “that those responsible for the link (a) know at the relevant time that the offending material is on the linked-to site, (b) know that it is circumvention technology that may not lawfully be offered, and (c) create or maintain the link for the purpose of disseminating that technology.”²⁸⁰ The court on appeal found the statute constitutional and rejected the analogy that posting a link was the

270. *See id.* at 444, 60 USPQ2d at 1962.

271. *Id.* at 444, 60 USPQ2d at 1962.

272. *Id.* at 444–45, 60 USPQ2d 1962.

273. *See id.* at 445, 60 USPQ2d at 1963.

274. *Id.* at 445–46, 60 USPQ2d at 1963.

275. *Id.* at 450, 60 USPQ2d at 1966–67.

276. *Id.* at 451, 60 USPQ2d at 1967.

277. *See id.* at 451, 60 USPQ2d at 1967.

278. *See id.* at 454, 60 USPQ2d at 1969.

279. *Id.* at 456, 60 USPQ2d at 1971.

280. *Id.* at 456, 60 USPQ2d at 1971.

same as advertising in the newspaper the address of a store that sold pornography.²⁸¹ The key difference being that the technology of the Web provided instant access to the offending materials.

2. Does the DMCA Create a Risk of Monopolies and Stifle Creativity?

The DMCA authorizes encryption technology and makes it a criminal and civil offense to circumvent such encryption technology. Does that mean that a copyright owner can sell a copyrighted work which is encrypted and require the customer to purchase, in addition, either a piece of equipment which decodes the encryption or a license to the encryption technology? Additionally, are the public policies of the Copyright Act being circumvented by licensing terms? In the future, will certain licensing terms or practices be held void for public policy reasons?

For example, the owner of a copyrighted work could offer that work in an encrypted file over the Internet. The "purchase" of that encrypted file would be subject to a click-wrap license which specified a fee for each playing of the music. In another scenario, the copyright owner could provide an encrypted work which could only be decrypted utilizing a player sold by the copyright owner. Would it be lawful for a company such as Sony, that makes equipment and owns substantial copyrighted works, to limit play of such material except on Sony equipment? Put another way, could copyright law, specifically the provisions of the DMCA, be used or misused to create monopolies in a technology? *The Wall Street Journal* recently reported that, in the *Napster* case, the court would allow Napster to proceed with an anti-trust defense.²⁸²

The fair use defense attempts to balance the rights of authors while promoting the arts. The educational community asserts that the DMCA frustrates creativity and the transfer of knowledge. Princeton University scholars have withheld publication of encryption research for fear such a publication could be a violation of the Act. Of concern is the uncertainty about how broadly a court might define "a circumvention device."²⁸³

Scholars have also denounced the rule adopted by the Library of Congress concerning when one may sidestep technological devices to restrict use of materials.²⁸⁴

281. See *id.* at 457–58, 60 USPQ2d at 1972.

282. *Judge Rules Napster May Question Validity of Music Copyrights*, WALL ST. J., Feb. 25, 2002, at B2.

283. Florence Olsen, *Legal Concerns Delay Publication of Research on 'Digital Watermarks'*, CHRON. OF HIGHER EDUC., Feb. 9, 2001, at A34, available at <http://chronicle.com/weekly/v47/i22/22a03403.htm> (on file with the Texas Wesleyan Law Review).

284. Andrea L. Foster, *New Interpretation of Digital-Copyright Provision Disappoints Scholars*, CHRON. OF HIGHER EDUC., Oct. 31, 2000, at chronicle.com/daily/fullarch2000.htm (on file with the Texas Wesleyan Law Review).

This is not intended to be a complete discussion of other laws which may be applicable. Nor is it meant to be an extensive review of these various rights. Rather this Part is included to illustrate some of the ways in which creative counsel have sought to protect or defend the digital businesses of their clients. For purposes of brevity, only a few of these causes of action are discussed in this Article. While some of these ingenious/creative/preposterous causes of action involve the application of other federal statutes, many rely on state law claims. These other areas include: trade secrets, right of privacy, right of publicity, unfair competition, unjust enrichment, contract restrictions, RICO, CFAA, and trespass to chattels.

With respect to the state law claims, not only the availability of a cause of action, but also the nature of the claim, is dependent upon state law. This fact raises interesting questions of jurisdiction and choice of law.

3. Preemption of State Law Claim

When considering alleging state law causes of action, one must consider whether a federal law or statute will preempt a state law claim. For example, general tort laws may also provide causes of action to protect against copyright infringement. However, “[a] state law cause of action is preempted by the Copyright Act if, (1) the rights asserted under state law are ‘equivalent’ to those protected by the Copyright Act, and (2) the work involved falls within the ‘subject matter’ of the Copyright Act.”²⁸⁵ In order not to be preempted by Copyright Law, the rights protected under the state law must include an additional element, not provided for in the federal Copyright law. The additional element must change the nature of the action so that it is qualitatively different from a claim under the Copyright Act.

In this analysis it is important to distinguish whether the action sounds in contract or tort. Further, the cases will demonstrate a difference with respect to the type of tort, for example, defamation versus infringement. Analysis of these issues is beyond the scope of this Article; however, the reader needs to be aware of them when advising clients.

4. Copyright—Trade Secret Interface

Trade secret protection is defined by state law and the definition varies from state to state. Most states have adopted either the Restatement of Torts definition or the Uniform Trade Secrets Act definition. The basic elements are generally (1) the information is used in one’s business, (2) the information provides a competitive advantage, and (3) it is maintained in secrecy. A computer program may re-

²⁸⁵ *eBay, Inc. v. Bidder’s Edge, Inc.*, 100 F. Supp. 2d 1058, 1072 (citing 17 U.S.C. §§ 102–03 (2000)).

present a trade secret, and because it is in a tangible medium of expression, may be a protectable copyrighted work. Trade secret protection rests on the basic principle of providing protection against theft or misappropriation of the secret. Like copyright law, trade secret law does not provide protection against independent creation.

In general, trade secret law which requires the proof of an extra element, such as a confidentiality breach or wrongful acquisition, is not preempted.²⁸⁶ The value of trade secret law is limited in the context of the Internet where a secret can be posted and spread so rapidly and effectively that the value of the secret can never be recouped.

Probably the highest hurdle for obtaining relief against a third party under trade secret law is the showing that the recipient knew or should have known a secret was acquired by improper means or whether the information is generally known. The posting of works on the Internet makes them generally known at least to the persons interested in that information. In *Religious Technology Center v. Lerma*,²⁸⁷ a document authored by the Church of Scientology was obtained by a former member of the church who posted the document on the Internet for at least ten days before a court ordered the former member to remove it.²⁸⁸ *The Washington Post* obtained a copy of the document from the former member and from court records.²⁸⁹ The court held that “[o]nce a trade secret is posted on the Internet, it is effectively part of the public domain.”²⁹⁰ Although the original poster may be subject to a claim of misappropriation, a “party who merely downloads [the] information cannot be liable for misappropriation because . . . no misconduct [is] involved” in the action of using the Internet.²⁹¹

An additional fact in the *RTC* case which supported that the document had lost its trade secret protection, was that the document was in the public record of a court proceeding. However, at least one court has ruled that the presence of a document containing the trade secret in the public record of a court may not be sufficient to erase trade secret protection.²⁹²

286. See *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 9 F.3d 823, 847–48, 28 USPQ2d 1503, 1520 (10th Cir. 1993); *Trandes Corp. v. Guy F. Atkinson Co.*, 996 F.2d 655, 660, 27 USPQ2d 1014, 1018 (4th Cir. 1993); *Computer Assocs. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 716 (2d Cir. 1992); *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1090 n.13, 12 USPQ2d 1241, 1248 n.13 (9th Cir. 1989).

287. 908 F. Supp. 1362, 37 USPQ2d 1258 (E.D. Va. 1995).

288. See *id.* at 1364, 37 USPQ2d at 1259.

289. *Id.* at 1364–65, 37 USPQ2d at 1259.

290. *Id.* at 1368, 37 USPQ2d at 1263.

291. *Id.* at 1368, 37 USPQ2d at 1263.

292. *Hoechst Diafoil Co. v. Nan Ya Plastics Corp.*, 174 F.3d 411, 419, 50 USPQ2d 1332, 1337 (4th Cir. 1999).

5. Trespass to Chattels

A copyright owner may also look to general tort law to define a cause of action for copyright infringement. The Restatement (Second) of Torts defines trespass to chattels generally as the intentional interference with the possessory interest of another in personal property of another.²⁹³ Trespass to chattels is a state law cause of action. In Texas, a cause of action for trespass to chattels is equivalent to a cause of action in conversion. Conversion is an offense against the possessory interest in personal property or tangible chattels. "It is the unauthorized and wrongful assumption and exercise of dominion and control over the personal property of another, to the exclusion of, or inconsistent with, the other person's rights."²⁹⁴ Intent is not an element of conversion. In an action for conversion, a plaintiff "must establish an interest in the property as of the time of the alleged conversion."²⁹⁵ "Physical seizure of the property is not necessary for conversion. All that is necessary is that the defendant wrongfully assume and exercise dominion and control over the property."²⁹⁶ In Texas, the "fact that dominion was exercised over the property in good faith or innocently is not a defense to a conversion action."²⁹⁷

It is not necessarily settled that a cause of action will always exist in trespass to chattels with respect to an ongoing trespass of a computer system. In *Ticketmaster Corp. v. Tickets.Com, Inc.*, the court denied a claim of trespass when there was nothing more than the mere copying of information from a website.²⁹⁸ In *eBay, Inc. v. Bidder's Edge, Inc.*,²⁹⁹ the court analyzed the difficulty in likening the commission of an ongoing trespass of a computer system to "the traditional notion of a trespass to chattels, because even though [the wrongdoing] is ongoing, it will probably never amount to a conversion."³⁰⁰ The court in *eBay*, while allowing the cause of action for trespass to chattels, found the "ongoing trespass of a computer system [to be] more akin to the traditional notion of a trespass to real property."³⁰¹

However, a cause of action in trespass may lie where the plaintiff alleges something more than mere copying. eBay claimed that BE's unauthorized use of an automated software robot to "crawl" or search eBay's website trespassed on eBay's property rights, causing irrepara-

293. RESTATEMENT (SECOND) OF TORTS § 217(b) (1965).

294. 20 WILLIAM V. DORSANEO, III, TEXAS LITIGATION GUIDE § 334.01 (Apr. 2002).

295. *Id.* § 334.04 (July 1998).

296. *Id.* § 334.05[1] (July 1998).

297. *Id.*

298. No. CV 99-7654 HLH (BQRx), 2000 U.S. Dist. LEXIS 4553, at *10-12, 54 USPQ2d 1344, 1347 (C.D. Cal. 2000).

299. 100 F. Supp. 2d 1058, 1072, 54 USPQ2d 1798, 1809 (N.D. Cal. 2000).

300. *Id.* at 1067, 54 USPQ2d at 1805.

301. *Id.* at 1067, 54 USPQ2d at 1805.

ble harm.³⁰² eBay provided details concerning the operation of robots in an attempt to demonstrate harm. "A software robot is a computer program which operates across the Internet to perform searching, copying and retrieving functions on the websites of others."³⁰³ Software robots can effectively execute thousands of instructions per minute. Their use consumes an enormous amount of processing resources and storage capacity of the system they are searching. While the software robot is searching the website, these resources are unavailable to the system owner or other users. If enough resources are consumed in the process of searching, the overall system can slow or even become overloaded such that the system malfunctions or "crashes," thereby irreparably harming the site owner. Such irreparable harm, in the form of lost profits or loss of customer goodwill, could result from the reduced system performance, system resources being unavailable to legitimate users, or as a result of data loss. It was undisputed that BE "accessed the eBay site approximate[ly] 100,000 times a day. eBay alleged that BE activity constituted up to 1.53% of the number of requests received by eBay."³⁰⁴ BE defended, asserting that because eBay allowed access to anyone, it could not prohibit access by BE. In response, eBay argued it did not seek to restrict BE's use of the data taken from the eBay website, merely to prevent them from using automated search tools in their search of the website.

Websites have used various methods to restrict or block attempts by automated search tools to access the sites including: user agreements with terms prohibiting such activity and requiring an affirmative action to be accepted prior to gaining access to the website; and software programs designed to detect and respond to such activity.³⁰⁵ eBay employed both approaches. eBay provided a clause in its online user agreement, or online site license, that prohibited use of automatic devices to monitor or copy content from their web pages.³⁰⁶ Anyone seeking access to the eBay website was required to first affirmatively accept the terms of the eBay user agreement. If offending activity was detected, eBay would block access from that IP address. However, eBay was not opposed to a limited use of automated search tools to query the site. eBay allowed a limited number of aggregation sites to

302. *See id.* at 1064, 54 USPQ2d at 1802-03.

303. *Id.* at 1060, 54 USPQ2d at 1800.

304. *Id.* at 1063, 54 USPQ2d at 1801.

305. If repeated queries are made from a particular Internet Protocol (IP) address, a system can be programmed to block all access from that IP address. However, blocking such addresses may inadvertently prevent legitimate users from accessing the website as well. Further, it may be impossible to effectively block an invading user if the user is operating through a series of proxy servers to evade detection or blocks.

306. *See eBay*, 100 F. Supp. 2d at 1060-61, 54 USPQ2d at 1799-800.

access and use the eBay website if the aggregation sites agreed to abide by specific rules.³⁰⁷

The *eBay* court found that a state law allowing claims for trespass to chattels in relation to unauthorized access of a computer system, was not preempted by the Copyright Act because “[t]he right to exclude others from using physical personal property is not equivalent to any rights protected by copyright.”³⁰⁸

Injunctive relief, including preliminary injunctive relief, is allowed in cases of trespass to chattels. According to *eBay*, “if preliminary injunctive relief against an ongoing trespass to chattels were unavailable, a trespasser could take a compulsory license to use another’s personal property for as long as the trespasser could perpetuate the litigation.”³⁰⁹ Before a court will order a preliminary injunction, “a movant must demonstrate ‘either a likelihood of success on the merits and the possibility of irreparable injury, or that serious questions going to the merits were raised and the balance of the hardships tips sharply in its favor.’”³¹⁰

With respect to damages on a state trespass claim, a court has held that

“[w]here the conduct complained of does not amount to a substantial interference with possession or the right thereto, but consists of intermeddling with or use of or damages to the personal property, the owner has a cause of action for trespass or case, and may recover only the actual damages suffered by reason of the impairment of the property or the loss of its use.”³¹¹

Courts have, however, denied trespass claims where there was mere copying of material. In *Ticketmaster*, the court dismissed the claim because Tickets.Com was merely copying factual information unprotectable by copyright.³¹² The court noted the cause of action would extend protection to information which was public domain under the Copyright Act. Unlike eBay, Ticketmaster did not allege a reduction in its capacity; therefore the trespass theory does not clearly apply. The *eBay* court relied in part on whether the access violated the user agreement, but conceptually a contract provision has little to do with a tort.³¹³

307. *See id.* at 1060, 54 USPQ2d at 1799.

308. *eBay*, 100 F. Supp. 2d at 1072, 54 USPQ2d at 1809.

309. *Id.* at 1067, 54 USPQ2d at 1804.

310. *Id.* at 1063–64, 54 USPQ2d at 1802 (quoting *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1517 (9th Cir. 1992)).

311. *Id.* at 1065, 54 USPQ2d at 1803 (quoting *Zaslow v. Kroenert*, 176 P.2d 1, 7 (Cal. 1946)).

312. *Ticketmaster Corp. v. Tickets.com, Inc.*, No. CV 99-7654 HLH (BQRx), 2000 U.S. Dist. LEXIS 4553, at *5–6, 54 USPQ2d 1344, 1346 (C.D. Cal. Mar. 27, 2000).

313. *eBay*, 100 F. Supp. 2d at 1063–64, 54 USPQ2d at 1802 (quoting *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1517, 24 USPQ2d 1561, 1565 (9th Cir. 1993)).

The public would be better served if courts created a new cause of action, as the common law has done throughout history, to offer relief from harmful acts. Attempts to squeeze these claims into theories formulated prior to the digital technology revolution are problematic. The court, if it finds a wrong, should create a new cause of action with specific elements; after all, is not the strength of the common law to change as society confronts new issues?

6. Rights of Privacy and Publicity

a. Common-Law Right of Privacy

The right of privacy is a common law tort that protects individuals against harm caused by: “(1) intrusion upon seclusion, (2) appropriation of [name or] likeness, (3) public disclosure of private facts, and (4) false-light publicity.”³¹⁴ According to comments in the Restatement (Second) of Torts, the right of privacy is a personal right which is not available to a corporation, partnership, or unincorporated association.³¹⁵ The specifics of a right of privacy claim vary between the states.³¹⁶

In *Felsher v. University of Evansville*,³¹⁷ the Supreme Court of Indiana maintained an injunction against Felsher based on a claim of invasion of privacy for his appropriation of the name or likeness of various University of Evansville (UE) officials, but held that a corporation cannot pursue a cause of action for invasion of privacy for appropriation of name or likeness of the corporation.³¹⁸ In disallowing the UE to maintain a cause of action for invasion of privacy, the court looked to comments in the Restatement (Second) of Torts as well as case law in other jurisdictions, which generally held that a corporation is not an individual and that the right of privacy does not extend protection to a corporation.³¹⁹ According to the court, a cause of action for “misap-

314. *Felsher v. Univ. of Evansville*, 755 N.E.2d 589, 593, 60 USPQ2d 1983, 1985 (Ind. 2001) (alteration in original) (quoting *Doe v. Methodist Hosp.*, 690 N.E.2d 681, 684 (Ind. 1997)).

315. See RESTATEMENT (SECOND) OF TORTS § 652I cmt. c (1977).

316. See *Wendt v. Host Int'l, Inc.*, 125 F.3d 806, 811, 44 USPQ2d 1189, 1191 (9th Cir. 1997) (“California recognizes a common law right of privacy that includes protection against appropriation for the defendant’s advantage of the plaintiff’s name or likeness.”).

317. 755 N.E.2d 589, 60 USPQ2d 1983 (Ind. 2001).

318. See *id.* at 594, 60 USPQ2d at 1986.

319. *Id.* at 594, 60 USPQ2d at 1986. Felsher, a professor who had been fired by the University of Evansville, was enjoined from conducting various Internet activities, “including the creation and use of e-mail and [various] websites” to distribute articles he had written alleging wrongdoing by university officials. *Id.* at 591, 60 USPQ2d at 1984. Felsher also nominated various UE officials to academic positions with other universities. “The [lower] court also enjoined Felsher from nominating the [UE officials],” *id.* at 600, 60 USPQ2d at 1991; on appeal, however, the Supreme Court of Indiana narrowed the scope of that particular injunction to enjoining Felsher “from creating the appearance that his nominations [came] from anyone other than [Felsher] himself,” *id.* at 600-01, 60 USPQ2d at 1991.

propriation of a corporation name or likeness” is more appropriately remedied through a cause of action for unfair competition or violation of the trademark statutes, “as well as common law torts unrelated to notions of privacy, such as tortious interference with business relations.”³²⁰

b. *Right of Publicity*

Various states have statutes protecting a person’s right of publicity. The right of publicity is grounded on the misappropriation of a person’s self for commercial gain. The basis and elements of this right vary from state to state and may be based in common law or statutory law. In *Michaels v. Internet Entertainment Group, Inc.*, the U.S. District Court in California recognized the “right of publicity in a person’s name, likeness and identity.”³²¹ In *Michaels*, the plaintiff filed suit alleging claims including copyright infringement and violation of both common law and statutory rights of privacy and publicity. On motion, the U.S. District Court in California granted an injunction against Internet Entertainment Group from distributing copies of video tapes of Michaels and Pamela Anderson Lee having sex.³²² The court held that Michaels had made the requisite showing of the likelihood of success on the merits for all claims. The court also found that, under the circumstances, the Copyright Act did not preempt the state law claims of violation of right of publicity and right of privacy in part because an extra element was required under the state law which qualitatively changed the nature of the action from that of a claim of copyright infringement.³²³ No fair use was found for use of portions of the tape because the use was for a commercial purpose.³²⁴

7. Contract

Commonly, websites use “browsewraps” or “clickwraps” terms of use. Courts have shown a reluctance to enforce agreements when there is no indication that the visitor was required to at least look at the terms and conditions. From a marketing standpoint, there is a natural reluctance of website owners to make access inconvenient by requiring review of a legal document first. Where a website permitted the downloading of software and only mildly encouraged review of the license terms, and did not require assent to the license terms, the court refused to enforce them.³²⁵

320. *Id.* at 598, 60 USPQ2d at 1989.

321. *Michaels v. Internet Entm’t Group, Inc.*, 5 F. Supp. 2d 823, 836, 46 USPQ2d 1892, 1900 (C.D. Cal. 1998).

322. *Id.* at 842, 46 USPQ2d at 1905.

323. *Id.* at 836–37, 46 USPQ2d at 1900–01.

324. *See id.* at 836, 46 USPQ2d at 1900.

325. *See Specht v. Netscape Communications Corp.*, 150 F. Supp. 2d 585, 595–96 (S.D.N.Y. 2001).

Terms of use for a website are likely only effective to the extent the user must actually review them and agree to them. In the *Ticketmaster* case, access to the website by Tickets.Com was challenged on the basis of the terms of use. The court rejected the claim, noting that terms and conditions for accessing their web pages are posted only on the homepage of the website. Customers need not view the terms and conditions and need not take any affirmative step to acknowledge their acceptance of the terms. Customers may instead proceed straight to the Ticketmaster event page that interests them. In dismissing Ticketmaster's breach of contract claim against Tickets.Com, the court held that merely putting terms and conditions in a website does not necessarily create a contract with anyone using the website. The court also stated that "deep linking by itself . . . does not necessarily involve unfair competition."³²⁶

The courts have upheld click wrap license agreements fairly consistently.³²⁷ However, recently these click wrap licenses faced challenges as adhesion contracts, and some terms have been held unenforceable.³²⁸

V. EMERGING ISSUES

A. *Linking and Framing*

The law in regard to linking and framing is not clearly defined. Linking technology and methods are constantly evolving, assuming continued disputes regarding their proper usage. The trend in the future concerning framing or inline linking will likely develop the contours of the display right.

Additionally, cases dealing with direct linking are likely to focus on the agreements between the linked sites. Linking can be by agreement between various website owners. However, risks may attach to such agreements. A website aggregator that operated a site that was a central location for a collection of links to adult subject matter "member" sites, received compensation from the member sites listed on its aggregation site.³²⁹ Various of the member websites contained infringing material. The court found sufficient basis to permit the assertion of a RICO violation.³³⁰ The copyright infringement was that

326. *Ticketmaster Corp. v. Tickets.com, Inc.*, No. CV 99-7654 HLH (BQRx), 2000 U.S. Dist. LEXIS 4553, at *8-9, 54 USPQ2d 1344, 1346 (C.D. Cal. Mar. 27, 2000).

327. *CompuServe, Inc. v. Patterson*, 89 F.3d 1257, 1261-69 (6th Cir. 1996) (upholding Ohio court's jurisdiction over a Texas resident who agreed to contract); *AOL, Inc. v. Booker*, 781 So. 2d 423, 424-25 (Fla. Dist. Ct. App. 2001) (en banc) (holding forum selection clause enforceable).

328. *Williams v. AOL, Inc.*, No. 00-0962, 2001 WL 135825, at *4 (Mass. Super. Ct. Feb. 8, 2001) (refusing to enforce forum selection clause).

329. *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 167 F. Supp. 2d 1114, 1117-18, 60 USPQ2d 1879, 1881 (C.D. Cal. 2001).

330. *Id.* at 1126-28, 60 USPQ2d at 1887-89.

there was an agreement between more than one entity, *i.e.*, the aggregate site owner and the member sites, that the member profited from the activity, and that the aggregate site owner stated it exercised control over member sites.³³¹

B. ISPs and Notice

The DMCA offers protection to ISPs only if an ISP does not have notice of the copyright infringement. One question is what is the sufficiency of the notice needed to be given to the ISP? In a recent case, *ALS Scan, Inc. v. RemarQ Communities, Inc.*,³³² the court held that a notice which did not identify the particular works, but gave broad categories of the works and identified their location, was in substantial compliance with the notice provisions.³³³ ALS provided adult content photographs and an Internet site.³³⁴ RemarQ was an ISP which provided users with access to more than 30,000 newsgroups.³³⁵ RemarQ, in effect, was an aggregator of Internet sites for particular interests. One of the newsgroups contained infringing copies of ALS works. ALS notified RemarQ that most of the pictures in certain groups were infringing. RemarQ refused to take down the infringing works unless there was more specific identification.³³⁶ The district court issued an injunction to remove the entire link to certain newsgroups. Interestingly, these newsgroups had the extension “.als” which ALS contended meant the newsgroup was targeted specifically at them. The court did not seem concerned with whether this broad relief would infringe upon the rights of those in the newsgroup which had not infringed and were not parties to the suit.

The court in *A&M Records v. Napster* agreed that actual knowledge was enough for contributory infringement, and it concluded that “sufficient knowledge exist[ed]” in *Napster*.³³⁷ The court in *Hendrickson v. eBay, Inc.*³³⁸ held that the notice was deficient because it did not include an identification of the alleged infringers, a description of the infringing activity, or any other required elements of a § 512(c) notification, such as a statement that the assertion was made in good faith and was accurate.

Not all attempts to legally control linking on the Internet have passed constitutional muster. Enforcement of a Georgia criminal law was enjoined as unconstitutional after the court interpreted it as making it a crime to link to another website. “Defendants have articulated

331. *See id.* at 1120–22, 60 USPQ2d at 1882–84.

332. 239 F.3d 619, 57 USPQ2d 1996 (4th Cir. 2001).

333. *See id.* at 625, 57 USPQ2d at 2001–02.

334. *See id.* at 620, 57 USPQ2d at 1997.

335. *Id.* at 620, 57 USPQ2d at 1997.

336. *Id.* at 621, 57 USPQ2d at 1998.

337. *See A&M Records v. Napster, Inc.*, 239 F.3d 1004, 1021–22 (9th Cir. 2001).

338. 165 F. Supp. 2d 1082, 1091, 60 USPQ2d 1335, 1342 (C.D. Cal. 2001).

no compelling state interest that would be furthered by restricting the linking function in this way.”³³⁹

C. *Contracts Trump Federal Statute?*

As discussed above, the owner of a copyright has certain exclusive rights. Many of the exclusions are exemptions related to those exclusive rights which are provided to the “owner” of a copy of the work. By employing shrink-wrap and click-wrap licenses, copyright owners can eviscerate public policy of the copyright laws. Will the anti-circumvention rules further enhance the ability of the copyright owner to control the market? Will copyright owners be in a position to limit distribution to pay-per-view? Is the public in danger of losing access to a wealth of information?

Shrink-wrap licenses are agreements inserted within the shrink wrap surrounding a software box which define the terms and conditions of using that software. The terms of the agreement are clearly visible and clearly describe the terms of the license for the software before the purchaser opens the package and uses the software. By opening the package, the purchaser is held to have agreed to the terms of the shrink-wrap license. It is by now well established that such licenses are enforceable.

Click-wrap licenses are agreements placed conspicuously on a web page. To be enforceable, users of the website must be able to view the license agreement without bypassing it and must make some affirmative act such as clicking on a button in order to proceed. According to *Ticketmaster*, merely placing terms and conditions for possible viewing where a viewer could bypass the page of the website containing the agreement does not create a contract.³⁴⁰

Of great concern is the extent to which the DMCA combined with contract law could be used to defeat the public policy considerations of the Copyright Statute. For example, to what extent can public domain works be protected? Suppose the works of William Shakespeare (which are clearly in the public domain) are put in digital form and a one-paragraph preface that is copyrightable is included on the disk. Can the seller then use copyright law, *i.e.*, the anti-circumvention provisions of the DMCA, to control both the copyrightable and non-copyrightable portions of the work by using encryption technology to prevent access to the work? Can a use agreement for accessing a website include a waiver of the fair use defense? After all, the parties to an agreement can change the period of the statute of limitations and the events which will trigger the start of the time period. In *Entous v. Viacom International, Inc.*, the court upheld a contract provision

339. *ACLU v. Miller*, 977 F. Supp. 1228, 1233 & n.5, 1234–35 (N.D. Ga. 1997).

340. *See Ticketmaster Corp. v. Tickets.com, Inc.*, No. CV 99-7654 HLH (BQRx), 2000 U.S. Dist. LEXIS 4553, at *8, 54 USPQ2d 1344, 1346 (C.D. Cal. Mar. 27, 2000).

which shortened the statute of limitations to six months, and started the time period when the owner learned of the intent to infringe.³⁴¹ In establishing a start time, the court relied in part on a letter in which the owner stated he thought the defendant *might* steal his work.³⁴² How could the owner have sued based on a feeling the other party might copy his work in the future?

VI. CONCLUSION

Just as the Internet has fostered the rapid reproduction of numerous copies, it has fostered the rapid expansion of legal theories and statutes which have been found applicable. More and more facets of businesses relying on digital media must be evaluated in reference to an increasing number of possibly applicable laws. Large business will bemoan the cost, while innocent individuals harmed by enforcement of the DMCA will lament they have no rights that can be enforced economically, as Bok observed:

“The legal system looks grossly inequitable and inefficient, there is far too much for those who can afford it and far too little for those who cannot.”³⁴³

341. *Entous v. Viacom Int'l, Inc.*, 151 F. Supp. 2d 1150, 1154–56, 58 USPQ2d 1628, 1630–32 (C.D. Cal. 2001).

342. *See id.* at 1156–57, 58 USPQ2d at 1632.

343. Derek C. Bok, *A Flawed System of Law Practice and Training*, 33 J. LEGAL EDUC. 570, 571 (1983).