October 8, 2019

Professor David Levi  
President, American Law Institute  
Council Members, American Law Institute  
4025 Chestnut Street  
Philadelphia, PA 19104

Via email to Stephanie Middleton: smiddleton@ali.org

Dear Professor Levi and Council Members:

On behalf of the ABA Section of Intellectual Property Law (the “Section”), I write to convey our concerns about the American Law Institute’s (“ALI’s”) ongoing project to develop a Restatement of the Law, Copyright (“Copyright Restatement”), and to request that the ALI Council send Council Draft 3 back to the Reporters for further study and review. The views expressed herein are presented on behalf of the Section of Intellectual Property Law. They have not been approved by the House of Delegates or the Board of Governors of the American Bar Association and, accordingly, should not be construed as representing the position of the Association.

Since 1894, the ABA-IPL Section has advanced the development and improvement of intellectual property laws and their fair and just administration. As the forum for rich perspectives and balanced insight on the full spectrum of intellectual property law, the Section serves within the ABA as a highly respected voice within the intellectual property profession, before policy makers, and with the public.

We are concerned about the direction of ALI’s Copyright Restatement project. Unfortunately, the response – or lack thereof – to points numerous commenters raised with respect to earlier drafts did not alleviate those concerns. In many respects the substance of the Restatement draft, including some portions already approved by Council, remains vigorously disputed. Unless the drafting process undergoes a course correction, we fear that the Copyright Restatement, rather than clarifying the law, will sow confusion and contribute to polarization in the field. As the reporters are all academics, it is important that they consider carefully the views of the many commenters with different perspectives on copyright law and practice.
Comments and concerns have come from a wide range of people and organizations – academics, judges, government employees (notably, U.S. Copyright Office and U.S. Patent and Trademark Office officials), and attorneys in law firms (many of whom represent clients with a range of copyright interests). And even those attorneys and other commenters who work in the copyright industries should not be dismissed: many copyright industries rely on copyright rights, but also rely on robust exceptions, and seek a sound balance in the law.

CD3 does not provide an even-handed treatment of the copyright law. First, it fails to justify the differences between black letter text as drafted by the Reporters and the text of the copyright statute. Second, in many cases its discussion in Comments of prevailing legal standards is not supported by the statute or case law, and fails to provide a balanced description of the current state of the law. The examples below demonstrate the type of problems that pervade the draft.1

A. Black letter text

The black letter text’s omission of material statutory provisions, and its inclusion of formulations not settled in the law, will sometimes mislead and inevitably confuse users of the proposed Restatement. Below we describe a few examples.

1. Definition of “fixation.”

The black letter definition of “fixation” in CD3, §108 omits the provision in 17 U.S.C. §101 concerning fixation simultaneous with live transmission. Specifically, as we and many other commenters have observed,2 the Copyright Act’s definition of “fixation” includes the following provision:

A work consisting of sounds, images, or both, that are being transmitted, is “fixed” for purposes of this title if a fixation of the work is being made simultaneously with its transmission.3

CD3 reduces this statutory provision to a Comment, when it is an integral part of the copyright legislation passed by Congress. CD3 leaves us in the dark as to why this provision is relegated to the Comments section. It is not an obscure provision but instead one that is relied upon numerous times each day.

2. Definition of “derivative work”

The definition of “derivative work” in CD3 black letter §101 omits the following provision from the copyright statute:

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1 We offer comments only on the blackline text and the Comments. We have not commented on the Reporters’ Notes, which are identified as Reporters’ own views, not attributable to ALI.
2 E.g., Jane Ginsburg and June Besek (Jan. 12, 2017); Copyright Alliance (Dec. 21, 2016).
3 17 U.S.C. §101 (definition of “fixed”).
The copyright in [a derivative] work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.\(^4\)

While the black letter text contains a number of provisions that attempt to explain the scope of copyright in a derivative work, none of them – alone or together – explains the effect of the derivative work copyright on the preexisting work as completely and succinctly as this sentence from the copyright statute.

3. Definition of “scènes à faire”

CD3 contains a black letter definition of “scènes à faire,” a term used in the case law but not in the statute itself. We understand the Reporters’ desire to explain this term and the effect of “scènes à faire” on a copyright. However, the definition that CD3 provides is troubling. In particular, the black letter §2.07 states in pertinent part:

The scope of copyright protection for a work of authorship does not extend to any element of expression in that work that:

\[\text{(c) is dictated by external factors.}\]

Such a broad and vague provision has no place in black letter law. It could open the door to almost any excuse for using the copyright owner’s expression. If consumers simply like a copyright owner’s manner of expressing something, that could be an “external factor” warranting its treatment as “scènes à faire.” Popularity, convenience and a host of other characteristics could be treated as external factors that diminish the scope of copyright. Such a proposition is inconsistent with copyright law as understood by the Section.

4. Scope of exclusive rights in pictorial, graphic and sculptural works

The black letter of CD3 omits completely the substance of 17 U.S.C. §113, which sets forth the scope of exclusive rights in pictorial, graphic and sculptural works. Section 113 paragraphs (a)-(c) provide as follows:

(a) Subject to the provisions of subsections (b) and (c) of this section, the exclusive right to reproduce a copyrighted pictorial, graphic, or sculptural work in copies under section 106 includes the right to reproduce the work in or on any kind of article, whether useful or otherwise.

(b) This title does not afford, to the owner of copyright in a work that portrays a useful article as such, any greater or lesser rights with respect to the making, distribution, or display of the useful article so portrayed than those afforded to such works under the law, whether title 17 or the common law or statutes of a State, in effect on December 31, 1977, as

held applicable and construed by a court in an action brought under this title.

(c) In the case of a work lawfully reproduced in useful articles that have been offered for sale or other distribution to the public, copyright does not include any right to prevent the making, distribution, or display of pictures or photographs of such articles in connection with advertisements or commentaries related to the distribution or display of such articles, or in connection with news reports.  

We are perplexed as to why the Reporters have ignored a provision as important as this in formulating the black letter in CD3.

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The examples above demonstrate the inconsistency of the black letter in CD3, which sometimes omits material statutory provisions, and in other cases introduces into black letter text concepts not reflected in the actual terms of the statute nor consistently used by a significant number of courts. As several copyright law professors observed with respect to an earlier draft, the black letter text would introduce a “new problem: interpreting the interpretation of the statute.”

Fundamental differences from the current state of the law

Where the courts differ in fundamental ways on important legal questions, the Restatement often fails to provide a balanced discussion of competing views. We provide examples below to illustrate the problem, but these are by no means the only places in the Restatement so far where this has been a problem.

1. Definition of “more than transitory duration”

In Comments d and g of §1.08, CD3 indicates that “more than transitory duration” is a period long enough “to allow enjoyment or exploitation of the work’s expressive content” from the material object after an embodiment of the work has been made (emphasis supplied). As we explained earlier, this definition appears neither in the statute nor the case law, and the meaning of “transitory duration” is an area of controversy. Neither the black letter text nor the comments should create standards not reflected in the law. Doing so will inevitably provide the Reporters’ characterization of a standard more weight than it is entitled. Despite many objections, including by the Copyright Office, the Reporters cling to this definition. It belongs, if at all, in Reporters’ Notes.

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5 CD3 also omits §113(d), which relates primarily to architectural works. While it is an integral part of the Copyright Act, we refrained from including that provision here because of its length.

6 Letter from Shyamkrishna Balganesh et al. to ALI Council Members 2 (Jan. 11, 2018).

7 E.g., Jane Ginsburg, June Besek et al. (January 12, 2018); Sarang V. Damle & Robert Kasunic (Nov. 9, 2016).

In § 2.04 of CD3, the Reporters rely on *Lotus v. Borland*, a 24-year old case from the First Circuit, to conclude that Oracle’s “declaring codes” constituted an unprotectable method of operation. *Lotus* held that a menu command hierarchy was a “method of operation” excluded from copyright protection under 17 U.S.C. § 102(b). CD3’s Comments never directly grapple with the Federal Circuit’s more recent decision, *Oracle v. Google*. *Oracle* rejected the *Lotus* court’s analysis and found that Oracle’s “declaring code” was copyrightable, notwithstanding § 102(b). In so doing, the Federal Circuit joined the Tenth Circuit, which also rejected *Lotus* in *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1372 (10th Cir. 1997), as have various other courts. The black letter text in CD3 is at odds with the *Oracle* decision, and the Comments make only passing references to it. As one commenter points out, the draft relegates the discussion of the *Oracle* decision to the “Reporter’s Notes” section, mistreating it as “an anomalous opinion issued by a confused and unsophisticated court.” CD3’s dismissive treatment of *Oracle* disserves judges and copyright practitioners who look to ALI Restatements to provide a balanced view of the law.


Section 102(b) of the Copyright Act provides:

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

Despite the fact that this provision treats ideas and methods identically, CD3’s analysis does not. Under CD3’s approach, expressive choices in creating a computer program (or a routine in a program) are part of a “method” that cannot be protected. In other words, CD3 apparently reads section 102(b) to say: “In no case does copyright protection for an original work of authorship extend to any . . . method of operation . . . including . . . the form in which it is . . . embodied in such work.

4. Unprotectible Facts

In *CCC Information Services, Inc. v. MacLean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), the Second Circuit upheld copyright protection in a compilation of estimates of used automobile values. The Restatement draft dismissed this case (and

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8 Report by the Copyright and Literary Property Committee of the New York City Bar (Jan. 2018). See, e.g., Comments of Jane Ginsburg (Dec. 4, 2018); Comments of the U.S. Copyright Office (Dec. 4, 2018); Comments of Dale Cendali (Jan. 9, 2018 and Oct. 15, 2018); Comments of AAP (Jan. 16, 2018) (all taking issue with the drafts’ discussion of *Lotus* and *Oracle*).
other similar cases) as incorrectly decided because such estimates are merely the authors’ unprotectable ideas. But CCC identifies the flaw in such reasoning: on some level, *every* compilation represents the compiler’s idea of how best to select, coordinate and arrange data, and every value assessment by the author is a “fact.” If compilations were analyzed in this manner, copyright protection for compilations would be virtually meaningless—yet Congress clearly intended that compilations enjoy copyright protection. See 17 U.S.C. § 103(a) (“The subject matter of copyright . . . includes compilations . . . .”). The CCC court’s resolution of this issue led it to conclude that the compilation and the estimates were protected by copyright. The Restatement draft, in contrast, recommends a rule that endangers protection for compilations, without describing or addressing the rationale of CCC and similar cases.

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The Section is troubled that ALI’s Copyright Restatement Project continues to head in the wrong direction.

A Copyright Restatement should be an accurate reflection of the law and include fair and even-handed descriptions of court decisions and statutory interpretations – even those that may be inconsistent with Reporters’ own views. Reporters have the opportunity to describe their perspectives in the Reporters’ Notes, but should not include controversial conclusions concerning developing law in the black letter text or the Comments. A Restatement that focuses not on existing law but on the law as the Reporters would like to see it will be of dubious value and is inconsistent with the restatements that ALI has produced historically.

We appreciate the opportunity to make these comments. If you have any questions after reviewing them, we would be happy to provide further input.

Sincerely,

George W. Jordan III
Chair, ABA Section of Intellectual Property Law