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NO.10-545

In The Supreme Court of the United States

LAWRENCE GOLAN, *ET AL.*,
Petitioners,

v.

ERIC H. HOLDER, ATTORNEY GENERAL, *ET AL.*,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit

BRIEF OF THE AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS; THE AMERICAN SOCIETY OF MEDIA PHOTOGRAPHERS; THE ASSOCIATION OF AMERICAN PUBLISHERS; BROADCAST MUSIC, INC.; HOUGHTON MIFFLIN HARCOURT PUBLISHING COMPANY; THE NATIONAL MUSIC PUBLISHERS' ASSOCIATION; THE RECORDING INDUSTRY ASSOCIATION OF AMERICA; REED ELSEVIER; AND THE SOFTWARE AND INFORMATION INDUSTRY ASSOCIATION AS *AMICI CURIAE* IN SUPPORT OF RESPONDENT

PAUL BENDER
CHRISTOPHER A. MOHR*
MICHAEL R. KLIPPER
COLBY F. BLOCK
MEYER, KLIPPER & MOHR, PLLC
923 15th Street, N.W.
Washington, DC 20005
(202) 637-0850
chrismohr@mkmdc.com
Counsel for Amici Curiae
**Counsel of Record*

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INTEREST OF THE *AMICI*[*]

Amici and/or their members (collectively, *amici*) are owners of United States copyrights that depend on the protection that foreign governments offer to United States' works pursuant to international agreements. Many *amici* supported and lobbied for the enactment of the statute involved in this case. Many *amici* own or enforce restored copyrights. Their identities are as follows:

- The **American Society of Composers, Authors and Publishers** and **Broadcast Music, Inc.** are performing rights licensing organizations (PROs) that represent almost all American songwriters, composers, and music publishers. Through affiliation agreements with similar foreign entities, the PROs represent virtually all of the world's writers and publishers of music in the United States.

- The **American Society of Media Photographers** protects and promotes the interests of professional photographers in selling their works both in the United States and abroad.

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[*] No counsel for a party has written any portion of this brief. No party or entity other than those listed on the cover of this brief has contributed monetarily to its preparation or submission. The parties' consent to the filing of *amicus* briefs has been lodged with the Clerk.

- The **Association of American Publishers** is the principal national trade association of the U.S. book publishing industry. It represents some 300 large and small commercial book and journal publishers in the United States, including nonprofits, university presses, and scholarly societies.

- **Houghton Mifflin Harcourt Publishing Company** (Houghton) publishes educational materials for pre-K–12 schools, assessment tools for both students and educators, reference works and literature for adults and young readers. Houghton has interests in the enforcement of restored copyrights, including Tolkein's *The Hobbit*.

- The **National Music Publishers' Association** (NMPA) is the principal trade association of music publishers in the United States. Its 2,500-plus members collectively own or control the majority of musical compositions available for licensing in this country. NMPA's licensing affiliate, The Harry Fox Agency, Inc., serves as a licensing and collecting agent on behalf of over 37,000 publisher-principals who license their copyrighted musical compositions for reproduction and distribution.

- The **Recording Industry Association of America** (RIAA) is a trade group representing the American recording industry. The RIAA's record company members create, manufacture, and/or distribute approximately

ninety percent of all sound recordings legally produced and sold in the United States.

- **Reed Elsevier Inc.,** through divisions such as LexisNexis and Elsevier, provides medical, scientific, legal and other information to government, business, and educational institutions in electronic and hard-copy formats.

- The **Software & Information Industry Association** represents over 600 member companies that publish databases, enterprise and consumer software, and other products that combine information with digital technology.

SUMMARY OF ARGUMENT

Article 18 (1) of the Berne Convention requires signatory nations to give copyright protection to works of other Berne members, "which, at the time of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection." Congress enacted section 514 of the Uruguay Round Agreements Act to comply with this treaty obligation and obtain protection for the works of United States authors in foreign countries. That enactment is constitutional under both the Copyright Clause and the First Amendment.

The Copyright Clause does not prohibit restoration of copyright to the works at issue. Congress cannot restore copyright protection to works that have already received a full term of copyright protection without violating the "Limited times" requirement of the Copyright Clause. Section 514, however, does not do that. It offers protection to certain foreign works only for the remainder of the copyright term that the foreign work would have enjoyed had it not lost copyright protection for technical reasons. As such, the statute protects works, only for a "Limited time," as the Clause requires.

That understanding of the Clause's meaning is confirmed by historical practice. Beginning in 1790, Congress has on several occasions provided protection for unprotected works, or expanded protection for existing works.

Petitioners' contention that section 514 alters the traditional contours of copyright protection because it purportedly deviates from the "bedrock principle" that "works in the public domain remain in the public domain," is incorrect. As just explained, no such principle exists. "Traditional contours" refers to copyright contours that accommodate free speech values. Section 514 preserves those accommodations.

Even if intermediate scrutiny were to be applied to section 514, the statute would easily pass constitutional muster. Securing protection for U.S. copyright owners in other countries is a substantial and legitimate government interest. The enactment of section 514 was part of a comprehensive national trade policy prioritizing the protection of intellectual property, and was necessary both to comply with the restoration obligations the United States undertook when it signed the Berne Convention, and to encourage other countries to offer reciprocal protection to the works of United States authors.

Section 514 is narrowly tailored to accomplish these ends. It affords foreign owners of restored copyrights the protection that Berne requires, while enabling the United States to seek meaningful levels of protection for U.S. works in other countries and protecting reliance parties from any unfairness that might result from their good-faith use of restored work prior to their restoration. The First Amendment does not prohibit Congress from adopting that balanced approach.

ARGUMENT

Introduction

The statute challenged in this case, section 514 of the Uruguay Round Agreements Act (URAA),[1] was enacted in 1994 to comply with a treaty obligation that the United States assumed in 1989, when it joined the Berne Convention for the Protection of Literary and Artistic Works (Berne).[2] The purpose of the "Berne Union" is to establish international standards of reciprocal copyright protection in Berne-member countries.[3] Pursuant to the Convention, works produced in Berne-member countries are protected for the term provided by the work's country of origin—which must at least be for the life of the author plus fifty years.[4] At the time that the United States joined Berne, almost every country that produced a significant amount of copyrighted material was a Berne member.[5]

The United States joined Berne to obtain full protection for U.S. works in all Berne countries.

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[1] Pub. L. No. 103-465, 108 Stat. 4809, 4976 (1994) (codified at 17 U.S.C. §104A).

[2] Sept. 9, 1886, 1161 U.N.T.S. 3 (revised on July 24, 1971).

[3] *See* H.R. Rep. No. 100-609, at 12 (1988).

[4] Berne, art. 7(2).

[5] *See* World Intellectual Prop. Org. (WIPO), *Contracting Parties: Berne Convention*, *available at* http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=15.

Before the United States became a member of Berne, copyrighted works of U.S. authors and publishers were often deemed unprotected (part of the "public domain") in Berne-member countries. As such, they could be used and exploited without payment of royalties.[6] United States adherence to Berne established copyright relations for the first time between the United States and 24 other nations, secured "the highest available level of multilateral copyright protection for U.S. artists, authors and other creators," allowed the United States to assume a position of leadership in the world's copyright community, and strengthened the credibility of the U.S. position in trade negotiations in countries where piracy is common.[7]

Members of Berne are generally required to provide copyright protection for works of Berne nationals originating in other Berne countries and works that are protected by copyright in their country of origin.[8] This principle of "national treatment" is at the heart of Berne's reciprocal obligations.[9]

Berne's reciprocal obligation to protect works from other Berne members applies to works created

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[6] *See* S. Rep. No. 100-352, at 3-4 (1988).

[7] *Id.* at 2-3.

[8] *See* Berne, art. 5. Prior to Berne adherence, the works of U.S. authors could only achieve Berne-level copyright protection in Berne-member countries by being published simultaneously in the United States and a Berne country. *See* S. Rep. No. 100-352, at 3-4.

[9] *See* Berne, art. 5.

after a country joins Berne. It also applies, however, to works created *before* a country joins Berne, so long as the works are still within their term of copyright in their country of origin.[10] This requirement of copyright "restoration" is contained in Berne Article 18(1), which provides that "[t]his Convention shall apply to all works which, at the time of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection." Thus, upon United States accession to Berne, pre-1989 musical compositions like "Hit the Road Jack" that had received copyright protection in the United States since its publication, became automatically entitled to copyright protection in all Berne countries until its given term expires.[11] *Amici* and their members are the proprietors of many such works. Since Berne obligations are reciprocal, pre-1989 foreign works that were still in copyright in their home country, but that had been unprotected in the United States for any reason, similarly became entitled to copyright protection.

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[10] Article 5(2) of Berne prohibits formalities that long were a feature of United States law. Until 1988 and 1992, respectively, U.S. law required a work to contain a technically correct U.S. copyright notice and undergo a formal renewal. *See* S. Rep. No. 100-352, at 12-13; Copyright Renewal Act of 1992, Pub. L No. 102-307, 106 Stat. 264. Failure to comply with either formality resulted in forfeiture of copyright protection. *Cf.* S. Rep. No. 102-194, at 4 (1991) (stating that with respect to their knowledge of the renewal formality, foreign authors' "total ignorance of the requirement was matched by their total amazement when it was explained to them").

[11] *See* Berne, arts. 7, 18.

Copyright restoration is one of the most important reasons why a country joins Berne, and it is one of the most significant obligations that a Berne member assumes as a condition of membership. *See* 1 S. Ricketson & J. Ginsburg, *International Copyright and Neighboring Rights: The Berne Convention & Beyond* 332-333 (2d ed. 2006). Restoration in Berne-member countries is especially important to the United States, given its status as the leading exporter of copyrighted works in the world.[12] Section 514, the law Congress enacted to bring the United States into compliance with this restoration obligation, is the subject of this case.

Section 514 restored U.S. copyright protection for works of foreign origin that were in existence and protected in their country of origin at the time the United States joined Berne, but that had lost protection for one of three reasons: (1) a failure to comply with U.S. procedural formalities such as notice, renewal, or manufacturing requirements; (2) in the case of sound recordings, a lack of federal protection of the subject matter; or (3) a lack of copyright relations with the country where the work

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[12] Foreign sales and exports of the four core copyright industries (sound recording, motion picture, computer software, and non-software publishing, which include newspapers, books and periodicals) continue to increase and remain larger than those of other major industry sectors. *See generally* Stephen Siwek, *Copyright Industries in the U.S. Economy: 2003-2007 Report*, *available at* http://www.iipa.com/pdf/IIPA SiwekReport2003-07.pdf (reporting total foreign sales at "$95.23 billion in 2003, $105.01 billion in 2004, $109.54 billion in 2005, $115.93 billion for 2006 and $125.64 billion in 2007").

was first published. 17 U.S.C. §§ 104A(h)(6)(c), (h)(8).[13]

The most significant of these categories of restored works is the category of works that forfeited copyright protection because of a failure to comply with the system of formalities that existed in the United States. Prior to 1989, a foreign work could lose the right to copyright protection in the United States if it failed to include a proper copyright notice. *See* H.R. Rep. No. 94-1476, at 146-48 (1976). And even if copyright had been properly secured, half the copyright term would be forfeited by failure to file a renewal application. *See generally id.* at 139-140. Article 5(2) of Berne does not permit signatories to impose such formalities as a condition of copyright protection, and the United States has abandoned them for all works of U.S. as well as foreign origin.

Section 514 does not apply to unauthorized uses of a restored work that occurred prior to the date of restoration (in most cases, January 1, 1996). These pre-1996 uses, however, may have entailed investments made in good faith on the assumption that the used work was not protected by copyright. Through Article 18(3), Berne expressly permits

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[13] The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) specifically requires that signatories restore copyright to sound recordings in accordance with Article 18 of Berne. *See* General Agreement on Tariffs and Trade, Agreement on Trade Related Aspects of Intellectual Property Rights, art. 14(6), *available at* http://www.wto.org/english/tratop_e/trips_e/t_agm3_e.htm (GATT). All GATT signatories, including the United States, therefore have this obligation.

members to take account of the unfairness that full restoration may cause in such circumstances. Section 514 takes advantage of this limited permission to make exceptions for "reliance parties"—those that used or acquired the restored work prior to the restoration of its U.S. copyright.

Other countries have dealt with reliance parties in various ways that are, in some respects, more protective of reliance parties than section 514, and in some ways less protective. *See Golan v. Holder*, 609 F.3d 1076, 1092-93 (10th Cir. 2010). Section 514, however, as Berne requires, fully restores copyright with respect to non-reliance parties—post restoration users who had no contact with the work prior to restoration. 17 U.S.C. § 104A(d)(1). Petitioners in this case contend that, although section 514 substantially limits its application to reliance parties in order to take account of good faith uses of restored works prior to restoration, section 514 nonetheless violates both the Copyright Clause and the First Amendment.

I. The Copyright Clause Does Not Prohibit Congress From Restoring Copyright Protection to Existing Unprotected Works for a Limited Time

A. Neither the Text Nor the Purpose of the Clause Prohibits Copyright Restoration

Petitioners' primary contention in this case is that section 514 is unconstitutional because the

Copyright Clause prohibits Congress from offering copyright protection to existing works that are unprotected at the time Congress acts. This argument is incorrect as a matter of both logic and history, because it fails to take account of *why* works may be unprotected at the time that Congress acts. The Copyright Clause authorizes Congress to secure exclusive rights for limited times. If a writing has enjoyed the full term of copyright protection, and if it is unprotected at the time Congress acts because that limited period of statutory protection has ended, petitioners are correct in believing that Congress may not again protect the work. Otherwise Congress would have the power to grant perpetual monopolies of the Copyright Clause–the very thing the Framers sought to prohibit.

Section 514, however, does not grant perpetual copyright protection. The protection it affords is, as the Copyright Clause requires, protection for a limited time. In the case of a foreign work that forfeited U.S. copyright protection at the time of its publication because it was published in the U.S. without notice of copyright, for example, section 514 offers copyright protection for the work, but only for the *remainder* of the copyright term that the work would have enjoyed had it initially been published with proper notice of copyright and in compliance with the law's erstwhile formalities. That is a limited, not an unlimited, term of copyright protection, and it is a term that lasts no longer than the term the work would have enjoyed had the forfeiture not taken place.

There is nothing in the text of the Copyright

Clause, nor in any purpose that can sensibly be attributed to the Clause, to prevent Congress from reversing forfeitures of copyright that occurred because of failures to comply with copyright formalities that Congress no longer wishes to impose and that the United States is actually prohibited from imposing as a condition of its membership in Berne. Formalities such as notice, deposit, and registration in U.S. copyright laws matter of congressional choice, not constitutional imperative. Congress certainly had authority, under the Copyright Clause, to decide to impose, and subsequently to remove, those formal requirements.[14] It should not be deprived of the ability to remove the lingering effects of formal requirements that it decides to—indeed must—discard. That is exactly what section 514 does.

Petitioners base their contention that forfeited copyrights cannot constitutionally be restored by asserting that there is a "public domain" of unprotected works from which materials "cannot be removed." (Pet. Br. at 26). The term "public domain" has been used in U.S. copyright law in at least two quite different senses. Works are said to "fall into the public domain" when they reach the end of their term of statutory copyright. H.R. Rep. No. 94-1476, at 134. Petitioners are correct in asserting that, as a consequence of the Copyright Clause's limited times requirement, that public domain is one from which works cannot

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[14] *E.g.*, Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853; Copyright Renewal Act of 1992, 106 Stat. 264.

constitutionally be removed. But when copyright formalities were a prominent feature of U.S. copyright law, works were said to fall into the public domain when, as the result of a failure to comply with required formalities, statutory copyright protection was initially lost. H.R. Rep. No. 76-1612, at 1 (1940). The Copyright Clause does not prohibit Congress from removing works from that public domain for a limited copyright term.

Petitioners apparently understand that the Copyright Clause's restriction to "limited times" does not prohibit Congress from restoring the remaining term of copyright to works which forfeited the initial part of their copyright term. Petitioners respond by making the bizarre contention that works that had forfeited or otherwise been denied U.S. copyright protection because of a failure to comply with statutory requirements should nevertheless be treated as if they *had been* protected—for a term of "zero years." (Pet. Br. at 15, 22). Thus, in petitioners' view, when section 514 permits those works the remainder of the copyright term, that offer constitutes a second copyright term prohibited by the Copyright Clause.

Petitioners' contention that the loss of copyright protection is the constitutional equivalent of actual copyright protection defies both fact and common sense. The Copyright Clause prohibits awarding a second term of copyright protection. It does not prohibit Congress from reversing a formality-based copyright forfeiture that *prevented* the enjoyment of copyright protection. *See* S. Rep. No. 102-194, at 6 ("the public domain [from which works may not be

removed] should consist of works which have enjoyed a full and fair term of protection …").

B. Congress Has Previously Provided Copyright Protection for Existing Unprotected Works

Beginning with the first federal Copyright Act in 1790,[15] Congress has, on several occasions, exercised its Article I power (1) to provide copyright protection to existing works that were unprotected when Congress acted, and (2) to prohibit uses of existing works that were permissible when Congress acted. This repeated practice confirms that the Copyright Clause has never been understood to prohibit Congress from providing or expanding copyright protection for existing works.

1. The 1790 Copyright Act Protected Existing Unprotected Works

In many respects, the first U.S. Copyright Act operated in a way strikingly similar to the operation of Berne. Prior to the 1790 Act, twelve of the thirteen original states (Delaware was the exception) enacted copyright statutes in response to a 1783 Continental Congress Resolution that they do so.[16] Although most of these state laws contained

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[15] Act of May 31, 1790, ch. 15, 1 Stat. 124.

[16] *See* Library of Cong., *Copyright Office Bulletin No. 3, Copyright Enactments of the United States, 1783-1906* 11 (2d ed. rev. 1906) (hereinafter Copyright Bulletin) (reprinting relevant state and federal statutes).

reciprocity clauses, differences in those clauses, as well as differences in the breadth and level of the protection offered by each state, resulted in a situation in which, although a work might be protected in its state of origin, protection in other states was often non-existent and, at best, uncertain.[17] For example, prior to the 1790 Act, the works of a Delaware author might be protected from piracy in Virginia and South Carolina, but could be copied without permission virtually everywhere else in the United States, including Delaware.[18] Works of New York authors were protected in New York, but not in Pennsylvania or Maryland.[19] Works of

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[17] *See, e.g.,* Copyright Bulletin at 16 (Maryland law shall commence and be in force from the time that "all and every" state shall pass a similar law); *id.* at 21 (no protection under Pennsylvania law until "all and every" state had adopted copyright measure); *id.* at 26 (14-year term of North Carolina copyright protection only afforded to works of the United States authors if state of first publication has reciprocal protection); *id*. at 27 (two terms of fourteen years in Georgia if the state of author's *residency* provides comparable protection); *id*. at 19 (single twenty-one year term in Rhode Island if the state of which the author is a citizen provides similar protection to literary works); *id*. at 23 (South Carolina lacked an express reciprocity clause, but denied protection to all foreign-language works not printed in the United States).

[18] *See* Copyright Bulletin at 25 (Virginia) (lacking express reciprocity provision, and providing for twenty-one years); *id*. at 23 (South Carolina); *see also Luck's Music v. Ashcroft*, 321 F. Supp. 2d 107, 114 (D.D.C. 2004), *aff'd* by *Luck's Music v. Gonzales*, 407 F.3d 1262 (D.C. Cir. 2005).

[19] *See* Copyright Bulletin at 16, 21 (Maryland and Pennsylvania reciprocity provisions); *id.* at 31 (New York reciprocity provisions).

Virginia authors might be protected in New York for a longer term than in Virginia itself.[20]

When the 1790 Act took effect it afforded protection, as does section 514, throughout the United States to works already "printed and published." *See Eldred v. Ashcroft*, 537 U.S. 186, 200-201 n.5 (2003). Many–very likely most–of those works were in the "public domain," i.e. could be copied and used without the author's permission in parts or all of the United States. *See id.* at 232-33 (Stevens, J. dissenting) (describing how the Act of 1790 "created, rather than extended, copyright protection"). Any published work that was unprotected at the time of the 1790 Act, either because it was published without compliance with applicable state law formalities, or because there was no adequate reciprocity arrangement between the state of origin and another state, received the opportunity to claim federal copyright protection that did not previously exist. *See Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 661 (1831). The 1790 Act therefore "restored" copyright protection for "public domain" works domestically in the same way that membership in Berne restores copyright in existing works internationally.

If the Copyright Clause prohibited Congress from affording copyright protection to existing unprotected works, as petitioners contend, the copyright protection offered by the 1790 Act would either have to have been entirely prospective in

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[20] *See* Copyright Bulletin. at 29-30 (28-year full term in New York); *id*. at 25 (Virginia term of 21 years).

operation–i.e. applicable only in works first produced or published after 1790–or it would have made its federal protection for existing works contingent on proof that those works enjoyed legal protection throughout the U.S. at the time of the 1790 Act. The 1790 Act contained neither of these limitations.

2. Since 1790, Congress Has Offered Copyright Protection to Existing Works That Were Unprotected When Congress Acted

On a number of occasions, federal statutes have protected existing previously unprotected writings and inventions. Perhaps most prominently—and akin to this case—this court's decision in *Eldred* relied on an earlier decision in which the Court upheld a federal statute that had restored patent rights to an invention that had become unprotected because of an inadvertent forfeiture of the patentee's rights. 537 U.S. at 202-03 (citing *McClurg v. Kingsland*, 42 U.S. 202 (1843)).

Other examples of such legislation include several private bills restoring copyright that had been lost because of, for example, a failure to file a renewal,[21] a grant of copyright protection for

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[21] *See, e.g.*, Copyright Bulletin at 73 (Act of May 24, 1828) (granting copyright to "Rowlett's Tables of Discount or Interest"); *id.* at 74-75 (Act of Feb. 19, 1849) (waiving defect in formality compliance for almanac); *id.* at 76 (Act of Jan. 25, 1859) (granting copyright to republish history of Indian tribes previously published by order of Congress); *id.* at 76 (Act of May 24, 1866) ("securing" copyright to work regarding exploration of the Amazon); *id.* at 76-77 (Act of June 23, 1874)

unprotected foreign works for the 1904 World's Fair,[22] and wartime restorations that excused the failure of foreign authors of existing works to comply with then-existing formalities due to the presence of hostilities.[23] If it were clear, as petitioners contend, that Congress has always completely lacked power to restore copyright to existing unprotected works, one would expect that challenges would have been made to at least some of these exercises of Congress's copyright power.

3. Congress Has Extended New Exclusive Rights to Existing Works

The historical record also shows that Congress has, on several occasions, used its copyright power to extend the exclusive rights enjoyed by existing works, thus removing existing public rights to use materials in certain ways. For example, the Copyright Revision Act of 1976 gave the owners of existing copyright the right to bar nonprofit public performances[24] that were permissible at the time

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(restoring copyright to work regarding "System of Surgery"); *id.* at 77 (Act of Feb. 17, 1898) (restoring copyright to work regarding ortheopy (correct pronunciation)).

[22] *Id.* at 70-71 (Act of Jan 7, 1904).

[23] Library of Cong., *Copyright Office Bulletin No. 3, Copyright Enactments of the United States, 1783-1973* 93 (Act of Dec. 18, 1919) (extending ad interim copyright and providing for an extension of time for compliance with formalities); *id.* at 101 (Act of Sept. 25, 1941) (providing a one-year reliance party provision).

[24] Nonetheless, petitioners' claim that they cannot teach classical music because of the enactment of section 514 is

Congress acted. *See* H.R. Rep. No. 94-1476, at 62-63. Congress had previously taken similar action with regard to public performance of music for profit in 1897.[25] Other examples of the use of the copyright power to prohibit previously permitted uses of existing material include 1984 legislation prohibiting record stores from renting sound recordings to individuals, a prohibition later extended to computer programs in 1992.[26] The 1976 Copyright Revision Act for the first time required cable operators to begin paying license fees for the transmission of copyrighted motion pictures.[27] Other enactments include 1995 legislation requiring internet radio stations to pay license fees to the copyright owners of existing sound recordings,[28] and 1856 legislation that, for the first time, prohibited the dramatization of existing published works.[29] Examples of this kind of expansion of protection for existing works abound.[30] This rich history of federal legislation that

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strange, as classroom performance of such material is permitted. (Pet. Br. at 11); *see* 17 U.S.C. § 110.

[25] *See* Copyright Bulletin at 66-67.

[26] *See* Record Rental Amendment of 1984, Pub. L. No. 98-450, 98 Stat. 1727; *see also* Computer Software Rental Amendments Act of 1990, Pub. L. No. 101-650, 104 Stat 5089.

[27] *See* H.R. Rep. No. 94-1476 at 88-89.

[28] *See* Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (providing 90-day delay in effective date for compliance).

[29] *See* Copyright Bulletin at 43 (Act of August 18, 1856).

[30] *See, e.g.,* H.R. Rep. No. 94-1476, at 63-64 (describing application of new public display right in 17 U.S.C. § 106 to existing works); Visual Artists Rights Act of 1990, Pub. L. No. 101-650, 104 Stat. 5089 (codified at 17 U.S.C. § 106A) (granting

repeatedly imposed new restrictions on the public's ability to use material that was free for public use before the new restrictions were enacted would not exist if, as petitioners contend, the Copyright Clause forbids Congress from giving authors new exclusive rights to existing material.

Petitioners' constitutional attack on section 514 is nothing more than their disagreement with Congress's decision to eliminate the remaining effects of copyright forfeitures caused by the failure of foreign authors to comply with copyright formalities that are no longer part of U.S. law. Whether to take that action is a question that the Copyright Clause leaves to congressional resolution.

II. Section 514 Does Not Alter The Traditional Contours of Copyright Protection within the Meaning of *Eldred v. Ashcroft*

Petitioners argue that the Tenth Circuit correctly found that section 514 alters the traditional contours of copyright protection because it purportedly deviates from the "bedrock principle" that "works in the public domain remain in the public domain." (Pet. Br. at 43). As explained earlier in this brief, however there is no such principle–bedrock or not. In all events, the changes

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certain rights to visual artists against mutilation of existing works); Vessel Hull Design Protection Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified at 17 U.S.C. §§ 1301 *et seq*.) (providing protection to boat hulls if (a) not on sale for one year prior to effective date and (b) registered with the Copyright Office).

in traditional contours to which the *Eldred* opinion refers are changes in the way that copyright accommodates free speech values. In *Eldred*, the Court held that the extension of term in existing works that was at issue in that case was not inconsistent with the traditional contours of U.S. copyright law because it did not change the application of the fair use doctrine or the idea-expression dichotomy, and because it served copyright's traditional objective of promoting the creation and dissemination of free expression. *See* 537 U.S. at 219. Section 514 similarly makes no change in the application of copyright's traditional First Amendment safeguards. Section 514 causes no greater restrictions on free expression than would have occurred if the copyright forfeitures that section 514 reverses had not been imposed in the first place.

III. Section 514 Satisfies Intermediate First Amendment Scrutiny

Even if intermediate First Amendment scrutiny were to be applied to section 514, that standard would amply be satisfied. Intermediate scrutiny requires that a statute "further an important or substantial governmental interest unrelated to the suppression of free speech, provided that the incidental restrictions [do] not burden substantially more speech than necessary to further those interests." *Turner Broad. Sys., Inc. v. FCC*, 520 U.S. 180, 186 (1997) (internal quotation omitted). *Amici* address the application of this standard from the perspective of American entities

that create, market, and sell their works throughout the world.

A. Securing Protection for American Copyright Owners Abroad is a Substantial Government Interest

1. Protecting the Profit Motive is a Legitimate and Constitutional Objective of Copyright

Petitioners allege that section 514 is unconstitutional because it confers "private economic benefits," which, in petitioners' view, "is not a legitimate objective of copyright regulation." (Pet. Br. at 49). That position evinces a startling misunderstanding of the purpose of the Copyright Clause.

The Framers clearly believed that the goal of stimulating the dissemination of works could not be accomplished without providing authors with the economic benefits of a limited monopoly. *See* The Federalist No. 43. As the Court explained in *Harper & Row*, "[i]t should not be forgotten that the Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas." *Harper & Row v. Nation Enter., Inc.*, 471 U.S. 539, 558 (1985); *see also Mazer v. Stein*, 347 U.S. 201, 209 (1954) (encouraging effort through personal gain is "the best way" to produce public benefits). *Eldred* makes the relationship between economic benefit to authors and publishers and the promotion of free

expression unequivocally plain:

> [C]opyright law *celebrates* the profit motive, recognizing that the incentive to profit from the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge.…The profit motive is the engine that ensures the progress of science. The assertion that "copyright statutes must serve public, not private, ends"… similarly misses the mark. The two ends are not mutually exclusive; copyright law serves public ends by providing individuals with an incentive to pursue private ones.

537 U.S. at 212 n.18.

2. Worldwide Protections for U.S. Copyrighted Works Are an Important Aspect of Maintaining the Constitutional Incentives

Congress today must think globally if it is to provide adequate protection for the copyrighted works of U.S. authors. As one commentator has noted:

> Works of authorship, whether entertainment, informational products, or functional software, travel around the world easily and appeal to audiences in many countries. When disseminated on the Internet, with or without the owner's consent, their enjoyment cannot be

> confined to a single jurisdiction…. From the perspective of those who write, apply, and enforce copyright law, national laws can no longer be viewed in a vacuum.[31]

For well over a quarter of a century, Congress and successive U.S. Administrations have recognized the strong national interest in protecting U.S. intellectual property abroad, and have pursued a comprehensive policy designed to promote that interest.

In the 1980s, intellectual property protection was identified "as a key issue if not the key issue for U.S. trade and competitiveness in the future."[32] During those years, Congress enacted the Caribbean Basin Economic Recovery Act of 1983,[33] the Generalized System of Preferences Program of 1984,[34] and the 1988 Omnibus Trade and Competitiveness Act,[35] all of which helped protect

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[31] Shira Perlmutter, *Eldred v. Ashcroft*: *Intellectual Property, Congressional Power, and the Constitution: Participation in the International Copyright System as a Means to Promote the Progress of Science and Useful Arts*, 36 Loy. L.A. L. Rev. 323, 325 (2002).

[32] *Status of Intellectual Property Protection: Hearing Before the H. Subcomm. on International Economic Policy and Trade of the H. Comm. on Foreign Relations,* 99th Cong. 2d Sess. 2 (1986) (statement of the USTR).

[33] Pub. L. No. 98-67, 9 Stat. 369 (codified at 19 U.S.C. §§ 2701-2706); *see id.* at § 2702(b)(2)(A)).

[34] Pub. L. No. 98-573, Title V § 503, 98 stat. 3019 (codified at 19 U.S.C. § 2462).

[35] Pub. L. No. 100-418, 100 Stat. 110 (codified at 19 U.S.C. § 2242).

the rights of United States intellectual property owners abroad. United States membership in Berne was an essential step in the implementation of this policy, as was inclusion of intellectual property in the General Agreement on Tariffs and Trade, an objective realized in 1994 with the adoption of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).[36] The international protection of intellectual property continues to be a cornerstone of U.S. trade and foreign policy.[37] When Congress enacted section 514 in 1994, the interest in protecting the intellectual property of Americans abroad was solidly embedded in U.S. trade policy.

B. The Enactment of Section 514 Helped Advance International Protection for U.S. Copyrighted Works

Congress first considered copyright restoration as it formulated the legislation necessary

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[36] *See* H.R. Rep. No. 100-609, at 19.

[37] The U.S., for example, is party to a number of free trade and other agreements that incorporate and/or expand upon the minimum standards set forth in Berne. *See, e.g.,* Office of the United States Trade Representative, Free Trade Agreements, *available at* http://www.ustr.gov/trade-agreements/free-trade-agreements (listing such agreements with links to their text); WIPO Copyright Treaty, S. Treaty Doc. No. 105-17 (1997) (requiring, *inter alia,* signing parties to adopt legislation that prevents circumvention of technological measures) (implemented in 17 U.S.C. §§ 1201 *et seq*.); WIPO Performances and Phonograms Treaty, S. Treaty Doc. No. 105-17 (1997) (requiring the United States to prevent bootlegging of sound recordings, implemented through 17 U.S.C. § 1101). This priority is also expressed in statutes; s*ee, e.g.*,19 U.S.C. § 3802 (b)(4).

to have the United States become a member of Berne.[38] Although the Copyright Office and others stated their belief that Berne required restoration,[39] Congress deferred immediate action on the issue.

The United States revisited the question of compliance with Berne's restoration obligation in 1994, during its consideration of the URAA. Congress received evidence at this time not only that restoration was required by Berne, but also that restoration was necessary in order to achieve adequate international protection for U.S. copyrighted material.

For example, the United States Trade Representative (USTR) testified that Congress's failure to implement restoration in 1989 had hindered the United States' ability to convince other nations to restore protection to the works of United States authors.[40] As a consequence, valuable U.S.

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[38] *See generally* William F. Patry, *Copyright and the GATT: An Interpretation and Legislative History of the Uruguay Round Agreements Act* 26 (1995).

[39] At hearings on the initial Berne implementing legislation, the Copyright Office advised Congress that, on its face, Article 18 of Berne "appears to require some recapture" of works improperly forfeited to the public domain. Patry, at 27. A panel of European experts contacted by the House Subcommittee unanimously reported that, in their view, Article 18 required the United States to enact remedial legislation that restored copyright to works forfeited to the public domain for reasons other than the expiration of term. *See id*. at 27-28.

[40] *See General Agreement on Tariffs and Trade (GATT): Intellectual Property Provisions: Joint Hearing on H.R. 4894 and S. 2368 Before the Subcomm. on Intellectual Property and Judicial Administration of the House Comm. on the Judiciary*

works would continue to be exploited in other countries without permission or payment to the U.S. rights-holder.[41] Congress also received testimony that restoration legislation was necessary if the U.S. were to play a leading role in international intellectual property and trade matters.[42]

When the United States joined Berne in 1989, Berne lacked any effective mechanism to enforce compliance with its restoration obligation. The Trade Related Aspects of Intellectual Property Rights (TRIPS) put those enforcement tools in place.[43] Article 9 of TRIPS, which was agreed to at the Uruguay Round, requires signatories to comply with Article 18 of Berne and authorizes trade sanctions for violation of that obligation. *See generally* 4 M. Nimmer & D. Nimmer, Nimmer on Copyright § 18.06 [B][3][a] at 18-70 to 18-77. The chance of the U.S. prevailing if it were to be challenged under TRIPS for its failure to restore copyright was uncertain at best.[44]

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and the Subcomm. on Patents, Copyrights, and Trademarks of the S. Comm. on the Judiciary, 103d Cong., 2d Sess. 137 (1994) (statement of Ira Shapiro, General Counsel, USTR) (testifying that "Thailand and Russia refused to protect U.S. works in the public domain in their territory citing the U.S. interpretation of Berne Article 18 as justification") (hereinafter *Joint Hearing*).

41 *See Joint Hearing*, at 246.

42 *See Joint Hearing*, at 131 (statement of USTR) ("[A]s the world leader, it is critically important that we implement fully in the retroactivity area.").

43 *See* TRIPS, art. 64.

44 *See Joint Hearing*, at 131, 241.

Prior to the enactment of section 514, Congress also received substantial testimony that vast numbers of U.S. works that were still in copyright in the United States were unable to be protected internationally.[45] The failures of the United States to restore copyright to foreign works in compliance with Berne had resulted in other nations refusing to restore copyright in U.S. works, leading to billions of dollars of losses.[46]

Predictions that enactment of section 514 would help gain protection for American authors in foreign nations and avoid litigation before the World Trade Organization have turned out to be prescient. For example, at the time the new WTO enforcement mechanisms became available, sound recordings of American music fixed prior to 1971—Elvis Presley, Bob Dylan and Duke Ellington recordings, for example–could be and were widely sold in Japan with legal impunity. *See* Note: *Retroactive Protection and Shame Diplomacy in the U.S.-Japan Sound Recording Dispute, or, How Japan Got Berne-d*, 4 Minn. Intell. Prop. Rev. 183, 184-85 (2002). After the enactment of section 514, the U.S. was able to threaten to seek trade sanctions against Japan. *See id*. at 192-93 and nn. 89-90. As a result, Japan enacted restoration provisions that granted pre-1971 sound recordings of foreign authors, including those of U.S. origin. (*See* J.A. 103-106).

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[45] *See id.* at 248 (IIPA); *id.* at 81 (statement of Senator DeConcini, Committee Chairman); *id*. at 12 (Patent and Trademark Office); *id*. at 138 (USTR).

[46] *See id*. at 246.

Similarly, during the 1994 joint hearing, members were told that the Russian government had made clear that it would provide retroactive protection only if the U.S. reciprocated with retroactive protection for Russian works. *Joint Hearing,* at 249. Russia subsequently amended its law, but only *after* section 514 was enacted. *See* Federal Law of the Russian Federation on Copyright and Neighboring Rights No. 5351-1 of 1993 (with the Additions and Amendments of 1995 and 2004), art. 5 (GARANT 10001423).

IV. Section 514 Does Not Burden More Speech than Necessary in Complying With Berne and Protecting American Interests Abroad

Whether Section 514 would satisfy intermediate First Amendment scrutiny, were that test to be applied in this case, depends upon (1) whether the restoration of copyright accomplished by section 514 serves important governmental interests, and (2) whether the statute burdens more speech than necessary in order to serve those interests. As we have just explained, the restoration of copyright accomplished by section 514 permits the United States to comply with, and to continue to be a member of, the Berne Convention, and also serves the United States' interest in facilitating international commerce in American intellectual property. Those are important governmental interests. Section 514 clearly does not burden more speech than it was necessary to burden in order to serve those interests.

In considering whether section 514 is a sufficiently narrowly-tailored means of responding to the United States' Berne restoration obligation, it is important at the outset to recognize the substantially limited nature of the copyright restoration that section 514 authorizes:

- Section 514 restoration applies only to copyrights in works of foreign origin that did not enjoy U.S. copyright protection prior to restoration for one of three particular reasons –failure to comply with now-discarded statutory formalities, lack of a copyright relationship between the United States and the country of origin of the restored work, and absence of subject matter protection for pre-1972 sound recordings. 17 U.S.C. § 104A (h)(6).

- Section 514 does not restore the copyright in any works of U.S. origin and, even where foreign works are concerned, it does not restore copyrights that were lost for any reason other than the three reasons that are specified in the statute. *Id.*

- Section 514 restores copyright only to foreign works that are still under copyright protection in their source country and that restoration lasts only until the end of their U.S. copyright term. *Id.* § § 104A(n)(6)(B),(a)(1)(B).

- Section 514 restored copyrights do not enjoy a full term of U.S. copyright protection, but only the portion of that term that remains after

restoration becomes effective. *Id.*

- Restored copyrights are entirely prospective in operation–they give the restored copyright holder no rights whatsoever with respect to uses that may have been made of the copyrighted work before restoration became effective. *Id.* § 104A(d)(1).

- Restored copyrights must respect all of the First Amendment safeguards that generally limit copyright protection, as well as all of the copyright law's exceptions and limitations found in the Copyright Act. *See* 17 U.S.C. §§ 108-122. Copyright, for example, is restored by section 514 only with regard to an author's expression, not the ideas contained in that expression, and the range of fair uses permitted by U.S. copyright law is fully available to those who want to use the restored works.

In considering whether section 514 burdens more speech than necessary within this limited area, it is useful to distinguish among the different groups of post-restoration users whose activities are limited by the enactment of section 514. The most populous of these groups is a group comprised of post-restoration users of restored works who, unlike the petitioners in this case, made no use of the restored work prior to restoration of the copyright in that work. These are users who took no advantage of the "public domain" status of the restored work prior to restoration. Section 514 makes these post-restoration users fully subject to the restored

copyright. *See* 17 U.S.C. § 104A(d)(1).

Berne requires that result. It requires signatories to provide copyright protection to "all works which, at the time of [the Convention's] coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection." Berne, art. 18(1). Berne permits exceptions to be made to that obligation only for so-called "reliance parties"—post-restoration users who, prior to restoration, engaged in activities "in good faith in reliance on [the fact that] these [restored] works were in the public domain and could be used freely" during that pre-restoration period. 1 Ricketson and Ginsburg, at 332; *see also* Berne, art. 18(3). For this limited purpose, Article 18(3) permits each Berne member to "determine, … so far as it is concerned, the conditions of application of [the restoration] principle." The purpose of this provision is to enable Berne members to avoid unfairly penalizing reliance parties. Berne member nations implemented this transitional authority to accommodate such reliance parties in different ways. *See Golan*, 609 F.3d at 1092-93.

Section 514 is unquestionably narrowly tailored with respect to non-reliance parties who did not use restored works prior to restoration. Berne *requires* that they be subjected to copyright restoration. If parties who did not use restored works prior to restoration were exempted from section 514 restoration, copyright restoration would have no effect and the United States would patently be out of compliance with Berne.

These non-reliance parties may have been, and in most cases probably were, completely unaware, prior to restoration, of the copyright status of the work they want to use. Subjecting them to restored copyrights raises no conceivable First Amendment concerns. Restoration puts them in exactly the same position in which they would have been had the restored work they want to use been protected by copyright from the outset. The First Amendment surely gives them no constitutional right to profit from a copyright forfeiture—a forfeiture of which they were unaware, that was caused by the failure of a foreign author to comply with copyright formalities that Congress need not have imposed, and that Congress now wants to eliminate from U.S. copyright law.

A second group of post-restoration users is comprised of those who used the restored work prior to the restoration of its copyright, but who made no investment in that use that would make it unfair to subject them now to the renewed copyright, as if they had not used the work prior to restoration. These are users who, for example, might be a weekly television talk show host that plays the same recorded score in his opening montage.

Section 514 treats these users as "reliance parties," and gives them rights that are not available to non-reliance parties. *See* 17 U.S.C. § 104A (d)(4). They may continue their uses unless and until the owner of the restored copyright serves them with notice. This notice could have been given constructively by the owner filing notice of intent in the Copyright Office during a two-year window that

closed in most instances in 1998. *Id.* § (d)(2)(A). A particular reliance party may also be served with actual notice of the owner's intent to enforce the copyright. *Id.* § (d)(2)(B).

Only roughly 50,000 constructive notices were filed with the Copyright Office (U.S. Opposition to Pet. at 54), a miniscule fraction of the "millions" of affected works about which petitioners complain. (Pet. Br. i, 10, 25, 40, 61). The presence of this notice requirement in section 514 will undoubtedly permit unimpeded post-restoration use of restored works by a significant percentage—in *amici*'s view, a very substantial majority—of pre-restoration users. *See* 17 U.S.C. § 104A(h)(4)(B).

Some pre-restoration users made an investment in their pre-restoration use—an investment on which they may not yet have had an opportunity to obtain a fair return. This group would include a publisher who, at the time of restoration, had unsold copies of a book that were printed prior to the restoration of copyright. It might also include a theater company that had invested, before restoration, in a production of a play that had begun performance just prior to restoration, or a symphony orchestra that had purchased musical scores that it regularly used consistently just before restoration and planned on continuing to use.

Many of the petitioners fall into this category of reliance parties. If constructive notice was not given during the two-year period and if no actual notice is given to them prior to the intended post-restoration use, these reliance parties will be

completely unaffected by copyright's restoration. And, as is true for all pre-restoration users, even if notice is effectively given, these post-restoration users have one year to sell off any existing stock, or to give certain performances. Liability for any breaches of contract or warranty that may have arisen is expressly voided. *Id.* § 104A(f). At the end of the period these reliance parties become subject to the restored copyright, in common with all other post-restoration users.

Some pre-restoration users created a derivative work that they wish to continue to exploit after restoration. Congress was aware of the special situation of these users, *see Joint Hearing*, at 209-210 (statement of Shira Perlmutter), and it included provisions in the legislation designed to protect them. Even if notice by the restored copyright owner is given, section 514 permits no interference with the derivative work's exploitation if the reliance party pays "reasonable compensation" to the copyright owner. *Id.* § 104A(d)(3). If no agreement is reached on a reasonable compensation amount, the amount is to be judicially determined, taking into account both the effect that exploitation of the derivative work would have on the market for the restored work and the relative contributions to the value of the derivative work that have been made by the reliance party and the author of the restored work. *See id.*

These limited restrictions on the uses that may be made of restored works place reliance parties in a position that is at least as good as, and often better than the position they would have occupied

had the copyright not been lost because of the complication of prior, and now discarded, provisions of the U.S. copyright law. It is evident that section 514 has tried to balance the legitimate interests of those who, in good faith, may have used restored works prior to restoration, against Berne's restoration requirement. That is exactly what Berne demands.

If the United States were to exempt reliance parties from the restored copyrights beyond what is necessary to achieve fair treatment for them, that would give those parties a windfall benefit at the expense of foreign authors. Overuse of the authority to exempt reliance parties would also be a violation in the eyes of other Berne countries. It would, moreover, expose the United States to trade sanctions pursuant to international trade agreements in which the United States needs to participate so that American businesses can compete successfully in international markets. So long as section 514 exempts reliance parties from copyright liability only when that is necessary to insure that they are not unfairly penalized for their good-faith pre-restoration use of restored works, it strikes a reasonable balance between the competing interests and does not burden more speech than necessary in order to comply with its international obligations.

Petitioners, however, would have the Court hold that reliance parties are constitutionally entitled to be free from compliance with restored copyrights even when that is not necessary to ensure their fair treatment in light of their pre-restoration use. Petitioners thus contend that they have a right,

not only to a fair return on their pre-restoration good-faith reliance, but to an advantage over all other American users of the restored works, who will be fully subject to the restored copyrights. The First Amendment does not entitle reliance parties to that unjustifiable preference. International copyright relationships, moreover, are reciprocal relationships. If section 514 contained the blanket exception for reliance parties that petitioners seek, other countries will be inclined to reward their reliance parties with similar blanket exemptions. The result would be devastating for the U.S. authors and copyright proprietors who would be unable to prevent continuing unauthorized exploitation of valuable works such as large catalogs of recordings by popular artists such as Elvis Presley, catalogs of works of fiction by the likes of Philip Roth and Stephen King, and motion pictures such as The Godfather.

In enacting section 514, Congress chose to give the foreign owners of restored copyrights the same rights that U.S. trade policy seeks to secure for U.S. authors in other countries—the right to enforce restored copyrights except in situations where that would unfairly penalize good-faith pre-restoration reliance. The First Amendment should not be used to prohibit Congress from adopting that thoroughly balanced approach to the task of conforming U.S. copyright law to our international obligations.

V. Conclusion

For the foregoing reasons, the judgment of the court of appeals should be affirmed.

Respectfully submitted,

PAUL BENDER
CHRISTOPHER A. MOHR*
MICHAEL R. KLIPPER
COLBY F. BLOCK
MEYER, KLIPPER & MOHR, PLLC
923 15th Street, N.W.
Washington, DC 20005
(202) 637-0850
chrismohr@mkmdc.com
Counsel for Amici Curiae
**Counsel of Record*