No. 10-545

In The
Supreme Court of the United States

LAWRENCE GOLAN, et al.,

Petitioners,

v.

ERIC H. HOLDER, JR., et al.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Tenth Circuit

BRIEF OF AMICUS CURIAE FRANKLIN PIERCE CENTER FOR INTELLECTUAL PROPERTY IN SUPPORT OF RESPONDENTS

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INTEREST OF AMICUS CURIAE[1]

The University of New Hampshire School of Law (formerly Franklin Pierce Law Center) is an independent law school with a long history of intellectual property expertise. The intellectual property faculty of the University of New Hampshire School of Law (UNH Law) has authored many scholarly papers and has filed amicus briefs in this Court as well as lower courts. UNH Law has established the Franklin Pierce Center for Intellectual Property (the Center), which conducts applied research that seeks to contribute to the development of a balanced and coherent intellectual property system to promote innovation. With faculty guidance and student participation, the Center's objective is to submit amicus briefs that will represent an important and neutral perspective that might not be adequately represented by the parties to the case.

UNH Law expressly declines to take any position regarding the level of scrutiny that would be

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[1] The parties have consented to the filing of this brief. Both the Petitioner and Respondent have filed a general consent for amicus curiae briefs with the Court. Pursuant to this Court's Rule 37.6, amicus represents that this brief was not authored in whole or in part by counsel for any party. UNH Law discloses that it maintains an Advisory Committee on Intellectual Property that includes representatives from industry, trade organizations and various law firms. No non-faculty member of the Advisory Council played any role in the consideration of whether to file this brief or in its preparation. No person or entity other than UNH Law has made any monetary contribution to the preparation of this brief or its submission.

appropriate to the statutory provisions at issue in this case. The only issue of concern to UNH Law in this case is whether the Progress Clause of the U.S. Constitution, art. 1, § 8, cl. 8, permits Congress to restore copyrights in foreign works without violating the First Amendment of the U.S. Constitution.

SUMMARY OF THE ARGUMENT

The Progress Clause of the U.S. Constitution permits Congress considerable latitude to determine the scope of and manner in which the over-arching goal of "achieving Progress in Science and useful Arts"[2] can be achieved. Specifically, the Progress Clause expressly confers on Congress the authority to enact legislation in furtherance of such a broad goal.[3] As such, there is no basis for the courts to second-guess legislative choices where Congress has engaged in a measured and good faith process to determine the most appropriate means of implementing the U.S. foreign treaty obligations in domestic legislation, and where Congress has taken into account the public interest, including constitutional implications, in its decision making process.

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[2] U.S. CONST. art. 1, § 8, cl. 8.

[3] *See generally, Feist Publishing Co. v. Rural Tel. Servs. Co.*, 499 U.S. 349 (1991).

This would not amount to unjustifiable deference to Congress, nor result in a situation where the Progress Clause would always trump First Amendment concerns, precluding judicial review of Congressional authority. Situations can arise where certain Congressional actions should be subject to judicial scrutiny. In the case of copyright law, this would be the case where Congress has altered the "traditional contours,"[4] subverting or contravening the goal of art. 1, § 8, cl. 8. Here, however, this is not the case.

Restoring copyrights to certain foreign works arguably facilitates the constitutional purpose articulated in art. 1, § 8, cl. 8, in that restoration pursuant to § 514 of the Uruguay Round Agreements Act[5] returns to the author or the initial right-holder proper recognition of her status, without affecting the ability or rights of others to access the work and use it within the bounds of copyright, including its limitations and exceptions, and those bedrock principles that enshrine First Amendment values. The economic and cultural value of some works may also be enhanced if rights in them are owned by someone, as opposed to a complete lack of ownership resulting in the works being available to all. Copyright protection is not antithetical to the existence of a democratic civil society.

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[4] *Eldred v. Ashcroft*, 537 U.S. 186, 221 (2003).

[5] Uruguay Round Agreements Act, Pub. L. No. 103-465, § 514, 108 Stat. 4809, 4978-81 (1994) (codified as amended at 17 U.S.C. § 104A (2000)).

The existence and operation of the restoration provisions of the U.S. Copyright Act[6] would not mean that the public domain would be eliminated, or overly and unjustifiably reduced. While copyright restoration can be said, in actuarial terms, to result in some diminution of the public domain, the restoration mechanisms enacted by § 514 of the Uruguay Round Agreements Act (URAA), now codified as § 104A of the Copyright Act,[7] were designed to ensure that, as far as practicable, the impact on the public domain would be limited, restricted only to foreign works fulfilling certain conditions (including copyright protection in their source countries), and would not affect the public's ability and right to access those works and use the ideas and knowledge contained therein.

The foreign works to which copyright would be restored under § 104A fell into the public domain in the United States because of procedural non-compliance with the formalities previously required by U.S. copyright law or lack of national eligibility – in both instances, the public domain status of such works was not due to the natural expiry of a U.S. term of copyright protection. Those foreign works which would qualify for restoration under § 104A thus form an identifiable sub-set of the broader public domain; a group that is populated by hapless authors

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[6] *Id*.

[7] *Id.*

and their works which would otherwise have obtained or continued to enjoy copyright protection in the United States. The restoration of copyright to this type of work does not constitute a wholesale removal of indeterminate numbers of works from the general public domain.

In establishing a notice requirement and allowing for the continued use of derivative works created prior to the date of restoration, § 104A articulates Congress' attempt to strike a measured policy balance between conflicting public interests. The legislative history starting from the implementation of the Berne Convention[8] through implementation of the Uruguay Round of international trade agreements several years later amply illustrates the Congressional process. The Progress Clause does not prohibit encroachment of the public domain; where a constitutionally legitimate benefit is clearly demonstrated, a limited intrusion into the public domain falls well within the scope of Congressional authority.

[8] The Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as revised at Paris on July 24, 1971 and as amended Sept. 28, 1979, 102 Stat. 2853, 1161 U.N.T.S. 3 [hereinafter Berne].

ARGUMENT

I. CONGRESS HAS BROAD AUTHORITY UNDER THE PROGRESS CLAUSE TO BALANCE DIFFERENT PUBLIC INTERESTS IN DETERMINING APPROPRIATE COPYRIGHT LEGISLATION

A. THE BREADTH OF CONGRESS' AUTHORITY UNDER THE PROGRESS CLAUSE IS CLEAR

Article 1, § 8, cl. 8 of the U.S. Constitution confers on Congress the "Power . . . [t]o 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." The broad discretion thus afforded to Congress has been acknowledged by the courts in a number of significant copyright cases. For example, in *Sony,* the Court stated, "[I]t is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors . . . in order to give the public appropriate access to their work product."[9]

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[9] *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 at 429 (1984); *See also Graham v. John Deere Co.*, 383 U.S. 1, at 6 (1966) ("[w]ithin the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim.").

B. THE PROGRESS CLAUSE DOES NOT CONFLICT WITH THE FIRST AMENDMENT

The utilitarian theory of copyright law – the "most venerable and oft-cited of the justifications for the American law of intellectual property"[10] – posits that economic incentives are necessary to ensure the production and dissemination of creative works, since the costs of production (including opportunity costs) are usually high, and the costs of reproducing an author's work are typically low, and at times, negligible. The grant of a limited monopoly is therefore intended to facilitate and motivate the production and dissemination of creative expressions, which adds to the cumulative store of knowledge and ultimately benefits the public, as "[i]ndividually aimed incentives result in more works for the benefit of the public . . . for copyright law is based on the notion that accumulation of self-interests results in the public good."[11]

The First Amendment would, at first blush, seem to contradict this view, as it essentially forbids the government from suppressing free speech.[12] It is a negative prohibition on the government, forbidding

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[10] William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659, 1687-88 (1988).

[11] 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 19E.01[C] (Matthew Bender ed., rev. ed.).

[12] U.S. CONST. amend. I ("Congress shall make no law . . . abridging the freedom of speech, or of the press.").

the government from obstructing society's access to information and a citizen's own expressions. Yet, the First Amendment and the Progress Clause actually work in conjunction with each other. "Their proximity indicates that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles."[13] The First Amendment and the Progress Clause also fulfill the same purpose: to underpin and foster a democratic society.[14] The existence of a democratic society depends on the production and dissemination of ideas, facts, and creative expression, as they are vital for a "robust, participatory and pluralist civil society," and "[f]or citizens to articulate their interests, participate in civic association, and engage in reasoned deliberation on public issues, they must have access to the rich store of the accumulated wealth of mankind in knowledge, ideas and purposes."[15] The First Amendment ensures the production and dissemination of information by prohibiting Congress

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[13] *Eldred*, at 219.

[14] NIMMER, *supra* note 9, § 19E.01[D], § 19E.05[B][C]; 1 HOWARD B. ABRAMS, THE LAW OF COPYRIGHTS § 1:22 (rev. ed.); *See also Eldred*, 537 U.S. at 219 ("The Copyright Clause and First Amendment were adopted close in time. This proximity indicates that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles."); and *Pacific & So. Co. v. Duncan*, 744 F.2d 1490, 1499 (11th Cir. 1984) ("Where the First Amendment removes obstacles to the free flow of ideas, copyright law adds positive incentives to encourage the flow.").

[15] Neil Weinstock Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L. J. 283, 343, 353-62 (1996).

from banning individual expression.[16] The Progress Clause grants an individual author the temporary authority to decide if, when and how to produce and disseminate her own creative expressions. Thus, both constitutional provisions facilitate the emergence of a democratic society by removing different obstacles from the production and dissemination of information and creative expression.

As the "engine of free expression,"[17] copyright law facilitates the political, social, and cultural expressions that are vital to democratic discourse. By enabling a marketplace of ideas and economic rewards to creators, copyright law also allows for individual choice and diversity – as to creation, publication, access and consumption – as well as freedom from state control of information or an inequitable system of private patronage.[18]

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[16] NIMMER, *supra* note 9, § 19E.01[B].

[17] *Harper & Row Pub. Inc. v. Nation Enters.*, 471 U.S. 539, 558 (1985).

[18] Netanel, *supra* note 12, at 352-54. *See also* Paul Goldstein, *Copyright and the First Amendment,* 70 COLUM. L. REV. 983 (1970) ("absent the rewards and restraints of a copyright regime, such creation and dissemination would be the exclusive reserve of the wealthy or politically motivated."); John I. McGinnis, *The Once and Future Property-Based Vision of the First Amendment Author(s)*, 63 U. CHI. L. REV. 49, 79 (1996) ("The First Amendment and the Copyright Clause in fact form a coherent scheme to maximize effective protection for producers of information, in the broadest sense, against threats of state and private depredation, respectively.").

C. A CONFLICT WITH THE FIRST AMENDMENT ARISES ONLY IF CONGRESS EXCEEDS ITS CONSTITUTIONAL AUTHORITY UNDER THE PROGRESS CLAUSE

As long as Congress acts within its constitutional authority, the resulting legislation will not raise First Amendment issues.[19] In contrast, when Congress acts outside its constitutional authority, by altering the traditional contours of copyright law, the resulting legislation can amount to an unconstitutional abridgement of free speech and is thus considered unconstitutional. For example, if Congress were to pass a law that eliminated fair use or that allowed for the protection of unoriginal works, this would be an unconstitutional abridgement of free speech.

The history of the U.S. Copyright Act illustrates the "reasoned compromise" reached by Congress that "generally comports with First Amendment values."[20] In *Eldred*, a majority of the Court stated that the Copyright Act "incorporates its own speech-protective purposes and safeguards" and contains "built-in First Amendment accommodations" that are "generally adequate to address" First Amendment issues.[21]

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[19] William W. Van Alstyne, *Reconciling What the First Amendment Forbids with What the Copyright Clause Permits: A Summary Explanation and Review*, 66 LAW & CONTEMP. PROBS. 225 (2003).

[20] Goldstein, *supra* note 14.

[21] *Eldred*, 537 U.S. at 221.

In addition to the express constitutional delineation of "limited Times," the idea/expression dichotomy and the fair use doctrine have been identified as fundamental copyright principles that act as built-in safeguards against First Amendment issues.[22] Furthermore, the judicially developed concept of originality as a constitutional requirement for copyright protection,[23] and other restraining principles, such as the substantial similarity requirement for copyright infringement, serve to limit the reach of copyright law beyond its constitutionally mandated objective.[24]

Therefore, where Congress has acted within the scope of the Congressional authority conferred by the Progress Clause, the clause should be interpreted generously.[25] Through Congressional debate and testimony, empirical evidence of benefits and harms of particular proposals are brought forward, manifold public policy concerns weighed, and difficult policy choices made as a result of the legislative process. This was the process through which Congress debated and enacted § 514 of the URAA.

Deference to Congress within these boundaries does not amount to abdicating judicial responsibility for protecting the public's interest in access to knowledge and expression. Although the Progress Clause

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[22] *Harper*, 471 U.S. at 558.

[23] *See generally Feist*, 499 U.S. 349.

[24] *See Graham*, 383 U.S. at 6.

[25] *Eldred*, 537 U.S. at 222.

confers on Congress a broad authority, such authority still has to be wielded within and tempered by the goal for which it was intended.[26] Where Congress oversteps its authority by ignoring the public interest objectives of the Progress Clause, by restricting or eliminating those bedrock copyright principles that safeguard First Amendment interests, judicial review of such unconstitutional actions is not only appropriate, but also necessary.[27] Such is not the case here.

D. THE LEGISLATIVE HISTORY DEMONSTRATES THAT CONGRESS ENGAGED IN A MEASURED AND GOOD FAITH ATTEMPT TO BALANCE COMPETING PUBLIC INTERESTS IN ENACTING § 514 OF THE URUGUAY ROUND AGREEMENTS ACT

Delegates of the Berne Act, a precursor to the Berne Convention,[28] agreed that copyright restoration was appropriate; however, each country was to be given broad power to regulate "each in so far as it is concerned, by its domestic legislation, the manner in

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[26] *See id*. (citing *Graham*, 383 U.S. at 6).

[27] *Id*. at 221.

[28] The issue of national implementation of foreign copyright restoration had been an early topic of debate among those countries negotiating Berne Convention. *See* SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986, 667-69 (Sweet & Maxwell 1989).

which the principle in art. 14 is to be applied."[29] The final language of art. 18(3) of the Berne Convention follows this principle, granting countries broad discretion in determining how to retroactively deal with copyright restoration.[30] Where the United States is concerned, implementation must occur within the confines of the constitutional limitations and objectives outlined in the Progress Clause.

When Congress debated the Berne Convention Implementation Act (BCIA) in 1988, it was aware that Article 18 required some form of copyright restoration, but also understood that the United States had broad discretion for deciding how to implement such an obligation.[31] In order to avoid precipitous legislation that might change domestic law where it was not required to do so, Congress exercised its discretion by electing to postpone a decision on copyright restoration.[32] The House Report from the Judiciary Committee stated "any solution to the question of retroactivity can be addressed after adherence to Berne when a more thorough examination of constitutional, commercial and consumer considerations is

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[29] Berne Convention for the Protection of Literary and Artistic Works art. 14, Sept. 9, 1886 (the precursor to the current Article 18 of the Berne Convention).

[30] *Supra* note 20.

[31] *Berne Convention Implementation Act of 1988: Report to Accompany H.R. 4262 From the Comm. on the Judiciary*, H.R. Rep. 100-609, 100th Cong., 2d Sess., 51-52 (1988).

[32] *Id.*

possible."[33] Similarly, the Senate Subcommittee on Intellectual Property recognized that art. 18 defined a "principle" of restoration, but concluded that this could be addressed subsequent to accession.[34] Congress therefore chose a minimalist, cautious path toward copyright restoration at that time.

Article 18(3) of the Berne Convention also allows for implementation of restoration pursuant to "special conventions . . . existing or to be concluded between countries of the Union."[35] In 1991, when Congress first faced the implementation of the North American Free Trade Agreement (NAFTA), which had been concluded between the United States, Mexico and Canada, it re-addressed the issue of copyright restoration.[36] At that time, the United States agreed to restore limited copyright protection to certain Mexican and Canadian films and related works that had failed to comply with copyright notice requirements between 1978 and 1988 and had thus fallen into the U.S. public domain. During the initial congressional hearings, the then-Register of Copyrights, Ralph Oman, advised Congress that, although copyrights had been restored in the past (e.g. after World War I

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[33] *Id.*

[34] *Berne Convention Implementation Act of 1988: Statement on S. 2904 Before the President* (Oct. 1, 1986) (statement of Mr. Mathias, Chairman, Senate Subcomm. on Patents, Copyrights, and Trademarks).

[35] *Supra* note 7.

[36] *Id.*

and World War II), constitutional and commercial fairness issues required further consideration.[37] The copyright restoration issue under NAFTA remained under discussion, with Mexico arguing that Article 18 of Berne required restoration.[38] Congress eventually agreed to a limited restoration of Mexican and Canadian works under the United States' NAFTA obligations, creating a new 17 U.S.C. § 104A.[39] In so doing, Congress noted that the language "takes into account U.S. constitutional and budgetary considerations by providing notice to persons who are currently using the works covered by proposed subsection 104A(a) and by giving them a reasonable period in which to use or dispose of their stock."[40]

Like the limited restoration that was permitted after the two World Wars, copyright restoration post-NAFTA was not automatic.[41] Section 104A created a

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[37] *NAFTA Implementation Act: Hearing Before the Subcomm. on Patents, Copyrights, and Trademarks, Senate Comm. on the Judiciary*, 102d Cong., 1st Sess., 111-12 (1991) (statement of Ralph Oman, Register of Copyrights).

[38] *NAFTA Implementation Act: Hearing Before the Subcomm. on Intellectual Property, House Comm. on the Judiciary*, 102d Cong., 1st Sess., 168 (1991) (statement of Ralph Oman, Register of Copyrights).

[39] *NAFTA Implementation Act: Report from the Comm. on the Judiciary*, S. Rep. No. 189, 103d Cong., 1st Sess., 124-25 (1993).

[40] *Id.*

[41] 41 Stat. 368 (1919); 55 Stat. 732 (1941) (allowing copyright restoration after World War I and World War II).

one-year window of time in which copyright owners could petition for copyright restoration, and a one-year grace period for reliance parties, similar to the period provided in the post-war statutes. In addition to these historically rooted limitations, § 104A was limited only to motion pictures and works included in those motion pictures. Copyright was restored only "for the remainder of the term of copyright protection to which it would have been entitled in the United States had [the work] been published with such notice."[42] The provisions took effect on January 1, 1994, but were operative for a year before being further amended through the URAA.

When Congress then came to debate domestic implementation of the trade agreements establishing the World Trade Organization via the URAA, the Congressional Research Service (CRS) provided Congress with a report on copyright restoration for public domain works.[43] Among other things, the CRS Report discussed constitutional concerns and analyzed several different restoration theories, ranging from no restoration at all to a principle of restoration that would hypothetically provide extra time to make up for the "lost years" of no copyright protection, or automatic restoration to all eligible works without relief for

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[42] NAFTA Implementation Act, Pub. L. No. 103-182, § 104A, 107 Stat. 2115 (1993).

[43] *CRS Report for Congress No. 94-645*, Copyright Restoration for Public Domain Works, Dorothy Schrader – Legislative Attorney (Aug. 4, 1994).

reliance parties.[44] The specific "limited times" language of the Progress Clause was also discussed, with the CRS Report concluding that the URAA would not violate the "limited times" requirement because the recapture merely restored the remainder of the normal copyright term, citing the post-war restoration statutes.[45] Various implementation options were also presented, e.g. regarding the length of the renewed copyright term, the protected categories of works, whether the rights granted would be automatic or conditioned, and options for dealing with the interests of reliance parties.[46]

Congress also heard extensive testimony, including warnings that requiring copyright holders to request restoration within a certain window may violate the no-formalities rule in art. 5(2) of the Berne Convention[47] and arguments that U.S. industry interests under the new international trade framework

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[44] *Id.*

[45] *Id.*, at 25-26.

[46] On term, Congress could restore the normal copyright term (the course it actually took), provide an extended term to account for "lost years", or define some shorter term of copyright protection. Regarding the categories of works, Congress could restore protection for all types of works, or only restore certain types of works, similar to the protection of films provided by NAFTA.

[47] *CLA Study on the U.S. Implementation of Berne Article 18, Before Joint Hearing on S. 2368 and H.R. 4894, House Subcomm. on Intellectual Property and Judicial Admin., Senate Subcomm. on Patents, Copyrights, and Trademarks*, at 232 (1994) (statement of Irwin Karp, Columbia School of Law).

would be furthered by applying retroactive copyright legislation to all signatory countries.[48]

The choice that Congress ultimately made was to view NAFTA as an important first step toward compliance with the restoration provisions of the Berne Convention, and the final restoration language of the URAA is functionally almost identical to the approach taken to implement NAFTA.[49]

In light of these limitations, the restoration provisions of the URAA are well within the boundaries of Congress' authority under the Progress Clause. These provisions were debated and their implications (including constitutional issues) studied for almost a decade, and the URAA thus represents Congress' considered and good faith attempt to achieve a fair balance between the interests of foreign copyright owners entitled to the protections of the Berne Convention and those of U.S. reliance parties and the creators of derivative works.

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[48] *Joint Hearing on S. 2368 and H.R. 4894*, at 131 (1994) (statement of Ira Shapiro, General Counsel, Office of the United States Trade Representative).

[49] *Uruguay Round Agreements Act: S. Rep. No. 189*, 103d Cong., 1st Sess. (1993).

II. COMPLIANCE WITH THE UNITED STATES' INTELLECTUAL PROPERTY TREATY OBLIGATIONS FALLS WITHIN CONGRESS' AUTHORITY UNDER THE PROGRESS CLAUSE

A. COMPLIANCE WITH INTELLECTUAL PROPERTY TREATY OBLIGATIONS IS AN INTEGRAL PART OF THE UNITED STATES' TRADE POLICY

In light of the broad authority afforded to Congress by the Progress Clause, there is a justifiable concern that an over-expansion of copyright could subvert rather than enable the constitutional objective of progress and democratic discourse. It is true that the history of copyright is one of increased scope and duration of protection. The late 20th century also saw an expanding link – cemented through the establishment in 1994 of the World Trade Organization (WTO) and its multi-lateral trade agreements, including the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS),[50] which, *inter alia*, incorporated the substantive obligations of the Berne Convention into its provisions – between a country's trade policy and its intellectual property interests. In the United States, the same period saw immense growth of its copyright-intensive industries, such as movies, music and software, that made it the

[50] Annex 1C of the Marrakesh Agreements establishing the World Trade Organization, April 15, 1994 (henceforth, the "WTO Agreement").

world's largest net exporter of copyrighted works and generated a corresponding need to protect American works both at home and abroad.[51]

Since the establishment of the WTO, the proliferation of bilateral and pluri-lateral trade agreements – many of them involving the United States and incorporating "TRIPS-plus" provisions that strengthen intellectual property protections and their enforcement – has also led to concerns that proponents of strong intellectual property rights have dominated the policy discourse, particularly in the United States, with the implication that both the domestic and foreign policy of the United States in this area has tipped too much in favor of intellectual property monopoly interests.[52]

Naturally, an ever-expanding regime of intellectual property rights (including copyright), even in the name of maintaining a comparative advantage in international trade, cannot be justified in the absence of open, reasoned and balanced policy debates.

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[51] J. Thomas McCarthy, *Intellectual Property: America's Overlooked Export,* 20 U. DAYTON L. REV. 809, 811-12 (1995).

[52] *See, e.g.,* SUSAN SELL, PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY RIGHTS (Cambridge Univ. Press 2003) (discussing the evolution of the TRIPS Agreement); PETER DRAHOS, OPEN SAC'S INST., THE GLOBAL RATCHET FOR INTELLECTUAL PROPERTY RIGHTS: WHY IT FAILS AS POLICY AND WHAT SHOULD BE DONE ABOUT IT (2003) (describing the inclusion in many free trade agreements of detailed intellectual property chapters requiring standards of protection beyond those outlined in the TRIPS Agreement).

Domestic forums for such discussions would include submission of comments and testimony to Congress and the Office of the United States Trade Representative (USTR), which coordinates trade policy as part of the Executive Office of the President.[53] The intertwining of trade issues with intellectual property has become an undeniably significant part of United States policy, occasioning domestic legislative changes as a result. Nonetheless, as long as the reasons for and impact of those changes have been properly considered by Congress acting within its constitutional authority, the fact that a trade-based policy agenda has changed the normative landscape for intellectual property law making is not a principled basis for interfering with legitimate Congressional decisions.

The link between international trade and intellectual property is underscored by the fact that lack of compliance by a WTO member country with its treaty obligations, including the intellectual property provisions of the TRIPS Agreement, can trigger the filing by another WTO member country of a formal dispute with the WTO's Dispute Settlement Body (DSB), comprised of representatives from WTO member countries.[54] A specific dispute settlement

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[53] *See, e.g.,* Trade Act of 1971, Pub. L. No. 93-618, § 301 (1972) (codified as 19 U.S.C. § 2411) (the USTR conducts the annual Special 301 Review which measures the adequacy and effectiveness of intellectual property enforcement on the part of the United States' trading partners).

[54] Understanding on the Rules and Procedures Governing the Settlement of Disputes, WTO Agreement, Annex 2, LEGAL

(Continued on following page)

procedure accompanied by effective enforcement mechanisms to ensure compliance with international intellectual property standards was thus introduced for the first time, in the context of international trade relations.[55]

The first copyright-related complaint filed under this dispute settlement mechanism was by the European Communities (EC) against the United States, resulting in a formal panel report adopted by the full DSB in 2000. The panel found that the United States' statutory copyright exemption for certain business establishments was inconsistent with its copyright obligations under the TRIPS Agreement.[56] As a result, the United States had to bring its law into compliance within a reasonable period of time, determined by an arbitrator to be twelve months from the date of DSB adoption of the panel report, which was subsequently extended to 31 December 2001. The nullification or impairment of trade benefits to the EC as a result

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INSTRUMENTS – RESULTS OF THE URUGUAY ROUND, vol. 31, 33 I.L.M. 1226 (1994), art. 16(4).

[55] Art. 33 of the Berne Convention permitted disputes regarding compliance to be referred to the International Court of Justice, but this was never used nor did non-compliance trigger any enforcement mechanism.

[56] World Intellectual Property Organization, Dispute Settlement, United States – Section 110(5) of the U.S. Copyright Act: Report of the Panel, WT/DS/160/R (June 15, 2000), *available at* http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds160_e.htm (page last accessed August 1, 2011).

of the United States' non-compliance was also determined to be € 1,219,900 annually.[57]

As of August 2011, ten years after the panel report was adopted by the full WTO DSB, the United States has yet to take any legislative measures to amend the Copyright Act. In 2002, the EC threatened to suspend trade concessions to the United States, pursuant to art. 22.2 of the WTO Dispute Settlement Understanding (DSU),[58] and expressed concern at the delay and lack of progress on the part of the United States. Both sides have continued discussions to find a mutually acceptable solution, and the United States has presented regular status reports to the WTO DSB meetings, stating that it "will continue to confer with the European Union, and to work closely with the U.S. Congress, in order to reach a mutually satisfactory resolution of this matter."[59]

While it is not possible to conclude that a failure to enact copyright restoration legislation would have definitely subjected the United States to a similar WTO complaint under the DSU for non-compliance with the TRIPS Agreement, it is clear that non-compliance by the United States, with its intellectual property treaty obligations, affects international

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[57] *See id*.

[58] WTO Annex 2, *supra* note 43.

[59] United States Mission to the United Nations and Other International Organizations at Geneva (July 20, 2011), *available at* http://geneva.usmission.gov/2011/07/21/us-statements-july-20-2011-dsb/ (page last accessed August 1, 2011).

comity and implicates American intellectual property exports. All WTO member countries are obliged to comply with the Berne Convention due to its incorporation into the TRIPS Agreement. Where, prior to the enactment of § 104A, the United States' failure to fulfill its obligations under art. 18 of the Berne Convention had motivated several nations to refuse to protect American works, resulting in the loss of substantial revenue totaling in the billions,[60] American restoration of foreign works that are still in copyright in their source countries removes the

[60] *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 H. Comm. on the Judiciary and the Subcomm. on Patents, Copyrights, and Trademarks of the S. Comm. on the Judiciary*, 103d Cong., 2d Sess., 137, 246 (Statement of Eric Smith, Executive Director and General Counsel of the International Intellectual Property Alliance) ("Many of our trading partners, particularly in Europe, have made it clear to this country that they consider us in violation of our obligations under Article 18. . . . Literally billions of dollars have been and will be lost every year by U.S. authors, producers and publishers because of the failure of many of our trading partners to protect U.S. works which were created prior to the date the U.S. established copyright relations with that country, or, for other reasons, these works have fallen prematurely out of copyright in that country.") (statement of Ira Shapiro, General Counsel, Office of U.S. Trade Representative) ("Some other countries, such as Thailand and Russia, have refused to protect U.S. works in the public domain in their territory citing the U.S. interpretation of Berne Article 18 as justification.").

excuse for other nations not to protect American works in their jurisdictions.[61]

Complying with its international treaty obligations will also enable the United States to continue to "play a leadership role in the give-and-take evolution of the international copyright system."[62] If the Progress Clause is interpreted so narrowly as to restrict Congress' authority to enact legislation only with respect to new works, the United States would also lose flexibility in its negotiations and dealings in the international arena.[63]

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[61] *Id*. at 225, 256 (statement of Irwin Karp, Counsel, Committee for Literary Studies) ("U.S. retroactive protection for foreign works in our public domain may induce other countries with whom we recently established copyright relations to grant retroactive protection to contemporary U.S. works that previously fell into their public domains.") (statement of Jack Valenti, President and CEO of the Motion Picture Association of America) ("If the U.S. 'retroactively' protects works from, for example, Russia, the former Soviet Republics, the former Eastern Bloc countries, South Korea, China, then we have every reason to expect those countries to protect previously produced American creative works.").

[62] Shira Perlmutter, *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, 332 (2002).

[63] *Id.*

B. THE UNITED STATES' RESTORATION PROVISIONS FURTHER THE AIMS OF THE PROGRESS CLAUSE

The Progress Clause should not be read so narrowly as to limit its objectives only to protecting the actual production of new works for other reasons as well. The restoration mechanisms provided by § 104A promotes the objectives of the Progress Clause by maintaining economic incentives for authors to produce (including the authorization and creation of derivative works from existing protected works) and disseminate (including through new and broader distribution channels) works of creative expression. By increasing economic incentives for authors in the United States, it encourages a diverse pool of authors to create and distribute expressive works that add to the public store of knowledge. Authors whose copyrights have been restored may be economically incentivized to maximize the economic value of their works by increased commodification,[64] and preserve the social value of their creations by practicing good "social husbandry" of "cultural objects."[65]

While a robust and expansive public domain clearly facilitates greater access to and use of creative works, a public domain that over-values access and

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[64] WILLIAM M. LANDES & RICHARD A. POSNER, AM. ENTER. INST., THE POLITICAL ECONOMY OF INTELLECTUAL PROPERTY LAW (2004).

[65] William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471, 486 (2003).

use by anyone to resources that may be free (as in unprotected by legal rights) in some (but not necessarily all) territories can also have a negative cumulative effect on cultural diversity and the right of self-expression. For example, should traditional cultural expressions, oral traditions and folklore be freely available for use (including commercial exploitation) by anyone?[66] Thus, the preservation and expansion of the public domain must also take into account those countervailing arguments that may favor, in some instances, a continuation or conferment of exclusive rights. In light of the public benefits that can accrue as a result of restoration of copyrights still under protection in their native countries, the constitutional goal to promote progress should be interpreted more liberally to include restoration of copyright protection for these works, if they meet the limited criterion set forth in § 104A.

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[66] *See*, *e.g.*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, INTERGOVERNMENTAL COMMITTEE ON INTELLECTUAL PROPERTY AND GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE, WIPO DOCUMENT WO/GA/26/6 (2000), *available at* www.wipo.int/edocs/mdocs/govbody/en/wo_ga_26/wo_ga_26_6.pdf.

III. RESTORING FOREIGN COPYRIGHTS UNDER SECTION 514 DOES NOT THREATEN THE PUBLIC DOMAIN

A. THERE WILL BE ONLY A LIMITED DIMINUTION OF THE PUBLIC DOMAIN THROUGH RESTORATION OF THE COPYRIGHT STATUS OF CERTAIN FOREIGN WORKS

The public domain is a concept whose contours remain amorphous and vague. Although the public domain is an important feature in the copyright system, an exact and universally accepted definition remains elusive, to the point where there may be as many as thirteen possible definitions of the public domain.[67] The concept of the public domain ranges from works previously copyrighted but whose terms of protection have expired[68] to works that are unprotected by intellectual property law.[69]

Works may be in the public domain in one country but remain protected by copyright in another. Article 18(1) of the Berne Convention requires that member nations grant copyright protection to works that "have not yet fallen into the public domain in the country of origin through the expiry of the term of

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[67] Pamela Samuelson, *Enriching Discourse on Public Domains*, 55 DUKE L. J. 783 (2006).

[68] JULIE COHEN ET AL., COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 13 (3d ed. 2010).

[69] Tyler T. Ochoa, *Origins and Meanings of the Public Domain*, 28 U. DAYTON L. REV. 216 (2003).

protection."[70] A foreign work that continues to have copyright protection in its country of origin but that has fallen into the public domain in the United States – not because it cannot be copyrighted and not because its protection has expired – is therefore a work caught between two worlds. In its country of origin, the work is still in copyright and the author afforded all the rights and privileges that come with copyright protection. However, those same works may be subject to exploitation here in the United States because they are categorized as public domain works through failure to comply with copyright formalities previously required for federal copyright protection. This class of foreign copyrighted works may be considered the unfortunate denizens of a specific sub-set of the overall much broader public domain.

Article 18(1) of the Berne Convention requires copyright restoration for foreign works which fell into the public domain in a country acceding to the Convention, provided that the reason for them being in the public domain is not due to expiry of their copyright terms, and that they remain in copyright in their country of origin.[71] Article 18(2) makes it clear that works whose copyright term have expired cannot have their copyright revived through restoration.[72] The class of foreign works that may be eligible for

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[70] Berne, *supra* note 7, art. 18(1).

[71] *Id.*

[72] *Id.* at art. 18(2).

copyright restoration (subject, *per* art. 18(3), to each country determining, "each in so far as it is concerned, the conditions of application") is therefore a limited, definable class.

The removal of these foreign works from the public domain in the United States will not have significant damaging or detrimental effects on the public domain as a whole. Removal from the public domain via restoration in accordance with § 104A is a limited removal, only extending protection to those works that fell into the public domain for one of two specific reasons: lack of compliance with the United States pre-Berne required formalities, or because the foreign work was not protected in the United States for lack of treaty arrangements between its source country and the pre-Berne United States. Although the number of foreign works that would be eligible for restoration likely number in the millions,[73] they are unlikely to represent a substantial portion of the works available in the general public domain.

B. RESTORATION OF THE COPYRIGHT STATUS OF CERTAIN FOREIGN WORKS IS JUSTIFIABLE AND LIMITED IN SCOPE

The foreign works in the hapless public domain are distinguishable from works in the public domain

[73] Marybeth Peters, *The Year In Review: Accomplishments And Objectives Of The U.S. Copyright Office*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 25 (1996).

for other reasons (such as lack of copyrightability or expiry of the copyright term) because the works in the hapless public domain do not properly belong in the public domain. There is a significant difference between works that have fallen into the public domain because of failure to comply with formalities and those works whose terms have simply expired. The former encompasses a limited class of works, and is not broadly applicable to most works that have fallen into the public domain. They should not have been viewed as analogous to the latter.

For those foreign works that fell into the public domain in the United States for non-compliance with formalities, it is worth noting that the formalities requirement has been described as "draconian"[74] and a "trap for the unwary,"[75] to the extent that courts have either tolerated substantial rather than complete compliance, or adopted a strained notion of the publication requirement.[76] Congress itself described the renewal requirement, prior to the United States' adoption of the unitary copyright term as a preparatory step toward joining Berne, as "extremely burdensome, not only as a needless formality and as an expense, but also as a cause of inadvertent and unjust

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[74] Jane C. Ginsburg, *The US Experience with Copyright Formalities: A Love/Hate Relationship*, 33 COLUM. J.L. & ARTS 311, 334 (2010).

[75] *Id.* at 322.

[76] *Id.* at 322-25.

loss of copyright in a number of cases."[77] Seen in this light, copyright restoration under § 104A for these foreign works may even be fair, as to expect foreign rights-holders to monitor and comply all of the various technical, complex, and occasionally uncertain procedural requirements of the United States' copyright law would be unduly onerous.

Additionally, the works for which copyright will be restored are not being entirely removed from the public domain. Removal of their public domain "status" does not equate to removal of access altogether, nor would the public's ability to use the ideas, knowledge and other material unprotected by copyright and contained in them be abated. Further, § 104A(d)(3) allows for reliance parties to continue exploiting derivative works made prior to restoration upon payment of "reasonable compensation" to the right-holder.[78] If the right-holder and the reliance party cannot agree on the sum, a district court may do so, taking into account "any harm to the actual or potential market for or value of the restored work from the reliance party's continued exploitation of the work, as well as compensation for the relative contributions of expression of the author of the restored work and the reliance party to the derivative work."[79]

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[77] H. COMM. ON THE JUDICIARY, 89TH CONG., REP. ON COPYRIGHT LAW REVISION (Comm. Print 1965).

[78] 17 U.S.C. § 104A(d)(3)(1)-(2) (2000).

[79] *Id.*

In either case, the sum concerned could be minimal or even zero.

The notice requirement for restoration under § 104A also serves as potential limitation on the number of works that will be restored, by placing the burden on the right-holder to serve the requisite notice of intent on reliance parties (or, if done during the 24-month period following the date of restoration, by filing with the Copyright Office). It is therefore up to the right-holder to locate the reliance parties, which may not be an easy task. The notice also triggers a twelve-month "grace period," as infringement claims must pertain only to acts done after that time.[80]

While Congress could conceivably have chosen a different mechanism for copyright restoration to achieve compliance with the United States' international treaty obligations, including, for example, broader exemptions for reliance parties, art. 18 does not permit permanent and indefinite use of restored works. "[A]lthough the word is not used, they are transitional in nature and their essential purpose should be to ensure that third parties who have previously acted in the absence of legal restraint should not be penalized once these restraints have come into operation. On the other hand, this does not authorize these persons to continue their usage indefinitely: a situation must eventually be reached when the work is protected in relation to all

[80] *Id.* at § 104A(c), (d)(1)-(2).

persons."[81] The legislative history shows that Congress had considered the various legislative options as well as the competing public interests at stake, and its decision indicates that these interests have been explicitly recognized in the statutory restoration mechanism.

CONCLUSION

Article 18 of the Berne Convention mandates copyright restoration for foreign works that fell into the public domain in the United States for reasons other than expiry of the copyright term. Such restoration may be done in accordance with the limitations of the national law of each country. In the United States, this lies in art. 1, § 8, cl. 8 of the Constitution, which restricts Congress' authority to enact and amend copyright legislation by requiring that this be in pursuance of progress in science and useful arts. The stated constitutional objective is, however, broad, and the courts have recognized that Congress has

[81] SAM RICKETSON & JANE C. GINSBURG, INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS: THE BERNE CONVENTION AND BEYOND § 6.123(2) (2d ed. 2006). *See also Report of Dr. Mihály Ficsor*, Golan v. Gonzales, No. 01-B-1854(BNB), 2005 U.S. Dist. LEXIS 6800 (D. Colo. 2005) (which stated a similar opinion and attached a letter containing similar statements from Arpad Bogsh, former Director General of WIPO, to Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks (Oct. 10, 1995)).

considerable latitude in deciding on the means and scope of its achievement.

The legislative history shows that Congress was aware and took account of the constitutional implications of restoration as well as competing public interests. Deferring to Congress in such an instance does not mean there is no role for the courts to ever review Congressional action under the Progress Clause. This would be appropriate where Congress oversteps its authority and alters the "traditional contours" of copyright law.

The realpolitik of modern international copyright, coupled with the United States' national self-interest in protecting American authors abroad, means that compliance with its international treaty obligations is not optional. Although no state has actually retaliated under the WTO Agreements against the United States for the latter's non-compliance with its international treaty obligations, international comity and ensuring legitimacy for the United States' leadership role on the international stage favor acceding to Congress' exercise of its constitutional authority where there is also a constitutionally legitimate benefit.

The route that Congress chose to implement the United States' obligations under art. 18 of the Berne Convention applies only to a limited and identifiable class of foreign works, which are still in copyright in their source countries. To enjoy the benefits of copyright restoration in the United States, the rights-holders in these works are obliged to fulfill certain

other criteria and permit continued use of pre-existing derivative works by reliance parties for a reasonable fee. Although copyright restoration would, in actuarial terms, result in a diminution of the public domain, this will be limited and confined only to those foreign works that fell haplessly there. Any expression-related harm that may result will be relatively small given the constitutionally legitimate benefit that exists in this case.

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