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INTELLECTUAL PROPERTY LAW
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COPYRIGHTS

A COPYRIGHT IS THE RIGHT OF AN AUTHOR TO PREVENT OTHERS FROM COPYING HIS CREATIVE WORK. COPYRIGHT PROTECTS THE FORM IN WHICH A CREATIVE IDEA IS EXPRESSED; IT DOES NOT PROTECT THE UNDERLYING IDEA. THUS, OWNERSHIP OF A COPYRIGHT DOES NOT PREVENT OTHERS FROM CREATING THEIR OWN, DIFFERENTLY EXPRESSED WORKS USING SIMILAR IDEAS; NOR DOES IT PREVENT VIRTUALLY IDENTICAL WORKS FROM BEING CREATED AND EXPLOITED, SO LONG AS THEY WERE CREATED ENTIRELY INDEPENDENTLY.

COPYRIGHTS

A. What Is a "Copyright?"

A copyright is the right of an author to prevent others from copying his creative work. Copyright protects the form in which a creative idea is expressed, but it does not protect the underlying idea. Thus, ownership of a copyright does not prevent others from creating their own, differently expressed works using similar ideas; nor does it prevent virtually identical works from being created and exploited, so long as they were created entirely independently.

B. Rights of a Copyright Owner

The owner of copyright has the exclusive right to do and to authorize others to do each of the following:

- ***Reproduce*** the work by any means, including paper copies, recordings, or otherwise;

- ***Prepare derivative works*** based on the original creative work (for instance, revised editions, translations into foreign languages, movies based on books, posters made from oil paintings, songs based on poems, etc.);

- ***Distribute copies or recordings*** of the work to the public by any means, including sale, lease or rental;

- ***Perform the work publicly***, if it is a literary, musical, dramatic, or choreographic work; or if it is a pantomime, motion picture or other audiovisual work;

- ***Perform the work publicly by means of a digital audio transmission***, if it is a sound recording; and

- ***Display the work publicly***, if it is a literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, and including the individual images of a motion picture or other audiovisual work.

In addition, visual artists have been given further exclusive rights, often referred to as "moral rights," which are included in the copyright statute:

- ***The right of attribution***, that is, the right to be identified as the author of their work; and to prevent the use of their name as author of visual art which they did not create or which has been modified in a way which would be prejudicial to their honor or reputation; and

- ***The right of integrity***, that is, the right to prevent mutilation, distortion or any other modification of their work, and to prevent destruction of their work.

These Federal statutory moral rights, which became effective June 1, 1991, apply only to paintings, drawings, prints, sculptures, and photographs, and cover only original and limited edition works (200 or fewer numbered and signed copies). However, it is important to be aware that various states have adopted, and others are considering, legislation protecting moral rights of authors and artists. California in particular has been a leader in this area, including as part of its legislation a right on the part of visual artists to receive a portion of the proceeds if their work is resold at a profit. The right of attribution, and occasionally the right of integrity, has also been protected by the courts even in the absence of specific "moral rights" laws.

C. What Types of Works Are Protected by Copyright?

Copyright protects not only such "literary" and "artistic" properties as poems, books, paintings, and sculptures, but also typical business documents such as sales and training manuals, advertising, and other printed materials. Computer software is covered by the copyright laws. The purely ornamental aspects of many products, from clothing to vases, figurines, and toys, are covered by copyright. Buildings as well as building plans maybe covered by copyright. The copyright laws may be a useful tool in minimizing the risk of public access to documents required to be filed with the various branches of Federal and state government--if competitors or the public would need to copy substantial portions of those documents to derive competitive benefit from them, copyright protection may prevent such copying. You can readily understand, with this background, that copyrights can be very valuable business assets.

D. Acquisition of Copyrights

A copyright is among the easiest forms of intellectual property protection to obtain. It comes into being, immediately and automatically, as soon as a work exists. Although, as discussed below, copyright registration conveys many advantages, it is *not* required to secure copyright. Once an individual has written, drawn, carved, sculpted, or otherwise given tangible form to a creative expression, that original work is protected by copyright.

E. Ownership of Copyrights

Exactly who owns the copyright can be somewhat more difficult to determine. Ownership is important because only the copyright owner can exploit the work--make copies, authorize others to make copies, revise the work, and exercise the other benefits of copyright.

1. Individual and Joint Ownership

Generally, the individual who created a work is its copyright owner. Where two or more persons collaborate to produce a work, then they are ordinarily joint owners of the copyright. In most cases, each joint owner is entitled to independently exploit the work, but

also has a duty to share with the others any and all profits earned as a result of that exploitation. Because collaborations often involve unequal contributions, it is usually advantageous to have a written agreement between the authors, defining their respective rights and responsibilities; otherwise, the author who created even a minuscule portion of the work can go off on his own, negotiating licenses or sales of the work that may be counter to the main author's plans and may result in diminished overall profitability.

2. Corporate Ownership Through the "Work for Hire" Doctrine

While the actual creator(s) usually own the copyright in their work, there are circumstances where the creator of a work is not considered its author and is not the owner of the copyright. One such circumstance is when the creator was an employee who prepared the creative work as a part of his duties of employment. In this case, his employer is considered the author and copyright owner of the work, and the work is called a "work for hire."

Companies typically think they own all rights in whatever they have paid for, and thus the "work for hire" doctrine comes as no surprise. What is often a surprise, though, is that the doctrine does *not* apply to all situations where a work was created in exchange for payment. Independent contractors, for instance, are not normally considered "employees;" and mere use of an employer's facilities, use of time which the employee should have devoted to his duties of employment, or use of an employer's personnel will not necessarily bring a work within the "scope of employment." Many companies who have hired outside consultants, artists, and computer programmers to perform specific tasks find that they do not own the underlying rights in the work for which they paid. This often comes to light when the independent contractor decides to sell the same work to a competitor, often at a less expensive price than the first client paid because there are no more development costs to amortize. Ownership disputes also commonly arise where an independent contractor feels that his or her work is being used for purposes other than that which was intended, and then wants to enforce his or her right as the copyright owner to restrict unauthorized uses of the work. For instance, where a company that pays an artist for a design to be used on a holiday card later feels the artwork would be appropriate for use on packaging, but the artist did not agree to such use, the company might not be entitled to such use of the design unless the artist had executed a written transfer of the rights in the artwork.

If a company wants copyright ownership of a work which is *not* being prepared in the course and scope of an employee's duties, the principal alternatives are to use a written agreement to transfer ownership, or to set up a very specific type of work for hire relationship that would not otherwise exist. If the work in question is an artistic work, it is particularly helpful to structure a relationship that will meet "work for hire" tests, so as to avoid the obligation to respect the artist's "moral rights." Works structured as works for hire also avoid a rather nasty wrinkle in the copyright laws applicable to works created before 1978: under most circumstances, authors of such works, and their heirs, are given a five year window within which they are allowed to revoke previously granted transfers and licenses, no matter what the original agreement said.

3. Copyright Transferability

Virtually all of the rights of the copyright owner may be transferred. (Moral rights and the statutory right to terminate are the exceptions; these rights may not be conveyed to others.) However, a transfer of *exclusive* rights is not valid unless it is in writing and signed by the owner of the rights conveyed, or his authorized agent. Agreements to convey or acquire copyright ownership or any of the associated rights can be critical to protection of a company's interests and should be carefully drafted with the assistance of copyright counsel.

F. Notice of Copyright

The copyright notice, placed in a reasonably prominent location on each visually perceptible copy of a work, advises the public that the work is protected by copyright. The notice also identifies the copyright owner and shows the date of first publication so that the expiration date of the copyright can be calculated.

Although the use of a copyright notice is not required for works first published on and after March 1, 1989, it is still highly recommended. Not only does it have "scare value," but by law, in the event that a work is infringed, if the work carried a proper notice, the court will not allow the infringer to claim that he or she did not realize the work was protected. (A defense of such "innocent infringement," when allowed and successful, results in a reduction of the damages the infringer would otherwise have to pay.)

1. Elements of a Copyright Notice

Registration of a work is *not* a prerequisite to use of the notice. The notice can and should be placed on all distributed copies of the work.

A proper copyright notice has three elements:

- ***Copyright symbol***, ©, or the word "copyright" or the abbreviation "copr." (Use of the copyright symbol, rather than the other alternatives, is necessary for foreign copyright protection in some instances and is therefore advisable in all cases);

- ***Name of the copyright owner***, or an abbreviation by which the name can be recognized or a generally known alternative designation of the owner; and

- ***Year of first publication of the work***, which may be omitted where a pictorial, graphic, or sculptural work, with accompanying textual matter, if any, is reproduced in or on greeting cards, postcards, stationery, jewelry, dolls, toys, or any useful article.

As an example, if John Doe has written a poem, and first distributed any copies of his work in 2000, a correct copyright notice would be: © John Doe 2000.

2. Copyright Notice on Sound Recordings

Where copyright is being claimed in sound recordings (for instance, recordings on audiotapes or compact discs), the form of the notice is somewhat different. Instead of using the letter *C* in a circle, the letter *P* is substituted.

3. Copyright Notice of Government-owned Material

Many books and textual works incorporate public domain material from the United States government. Where a work consists primarily of such material, it is required by law that any copyright notice must also include a statement that identifies *either* those portions of the work in which copyright is claimed *or* those portions that constitute U.S. government material. For example, a book on AIDS first distributed in 2001, consisting almost exclusively of material by the Centers for Disease Control, but compiled for the first time by the editor, and with an original preface, could properly bear a copyright notice such as the following:

> © Jane Smith 2001. Copyright claimed in compilation and preface.

or, alternatively:

> © Jane Smith 2001. No copyright claimed in the contents of Chapters 1-25, authored by the U.S. government.

Failure to disclaim rights in the government-owned material results in invalidation of the otherwise valid copyright claim to the original portions of the work. In addition, placing a false copyright notice on a work is a Federal crime, punishable by a fine of up to $2,500.

G. Registration of Copyrights

While copyright exists in a work as soon as it is created, there is an organized system of copyright registration that has definite value. Although moral rights cannot be registered, claims to copyright ownership can and should be registered unless the value of the copyright is insignificant.

1. Registration Process

Registration is a relatively simple matter of supplying copies of the work to the Register of Copyrights, along with an application for registration and an appropriate fee. There are specific forms available from the Copyright Office to be used in applying for registration, depending on the type of work to be registered. These can be obtained by writing to the Copyright Office, Library of Congress, Washington, DC 20559, or by downloading them from the Copyright Office's website on the Internet.

a. How will my application be examined?

The work, which is the subject of the application, is not examined for conflict with the work of another. The Copyright Examiner will, however, review the application and copies of the work to be sure the legal requirements as to copyrightable subject matter are met (for instance, an application to register a blank form will typically be

rejected as not being "creative") and to be sure the questions on the application have been fully answered.

b. Do I need an attorney?

Generally, no. In contrast to patent and trademark applications, in many instances the copyright registration process can be adequately completed without involving an attorney. The Copyright Office has a cadre of "Copyright Information Specialists," who can be reached by calling (202) 707-3000. While the telephone number of their office is also the number for the Library of Congress, and often busy, once reached, these personnel are ordinarily very friendly and helpful. They are forbidden to give legal advice, but can answer general inquiries about the meaning of questions on the application forms and the number and format of copies of the work to be submitted, and can send free brochures which the Copyright Office has prepared on a number of "hot topics" relating to copyright. Alternatively, a one-hour training session with an attorney specializing in copyright law, using one of the trainee's own works as an example, is usually adequate to teach someone how to complete the application process both for the work in question and for similar works and revisions which will be produced in the future.

However, an experienced copyright attorney should be contacted in the following instances:

- Where computer software is involved;
- Where the work to be protected has had input from a number of different persons who may or may not be "authors":
- Where ownership of the work has changed hands or has been acquired as a result of work for hire; or
- Where the value of the work is great.

A copyright attorney can help in those instances to ensure that the proper authors and owners are identified, and that the claim to copyright is worded so as to maximize the protection the registration will give.

c. Can my registration become invalidated?

Yes. Overly broad statements as to the scope of protection to which the work is entitled, failure to disclose pre-existing works on which the present work is based, failure to correctly identify the nature of the work, as well as other errors that can occur in completing the application, can result in invalidation of the registration and thus an inability to enforce the copyright.

2. <u>Can Registration Affect my Ability to Bring a Copyright Infringement Suit</u>?

Yes, because in most cases, copyright owners cannot bring suit for infringement until their claim to copyright has been registered. As discussed below, the court's ability to penalize an infringer is much greater if the work was registered before the first act of

infringement. Provided registration is accomplished within three months from the date of first publication, the work will be considered to have been registered as of the date of publication, for purposes of computing damage awards and the like. In addition, if registration is accomplished within five years of the date of first publication, everything stated in the application for registration will be presumed true for purposes of any lawsuit.

H. Duration of Copyright Protection

Works first created or first published (and not previously registered) on or after January 1, 1978, are ordinarily given a term of protection enduring for the author's life, plus an additional 70 years after the author's death. In the case of works authored by several persons jointly, the term is measured by the life of the last surviving author. In the case of works for hire, and (unless the author's identity is revealed in the Copyright Office records) for anonymous and pseudonymous works, the term is 95 years from publication or 120 years from creation, whichever is shorter.

The law in effect prior to January 1, 1978, provided for a first term of 28 years from the date copyright was secured by publication or by registration, whichever occurred first. Provided an application for renewal has been or is filed with the Copyright Office, the term can now be extended to a total term of 95 years. It is absolutely critical, for works falling under the earlier statute, that applications for renewal be filed on time or protection will lapse at the end of the initial term.

Moral rights are generally protected for the life of the author (or, in the case of joint works, the life of the last surviving author), although there are special provisions and exceptions for works as to which rights were conveyed prior to June 1, 1991.

After expiration or lapse of a copyright, as with other forms of intellectual property, the work becomes public property and can be used freely by all.

Ordinarily, once the work has thus entered into the public domain, it can never again be claimed as the exclusive property of anyone. The exception to this general rule has to do with works authored by foreign citizens and first published overseas which, once published in the United States, for any of various reasons spelled out in the copyright statute never acquired (or acquired and then lost) copyright protection. Under the GATT Treaty amendments (the "Uruguay Round Agreements," effective in 1995), the copyright in those foreign works can in many instances be restored. Once restored, the copyright term is the same as though it had come into effect on the date of original publication in the United States and had never lapsed.

I. Transferring Copyrights

There are a variety of options available for commercial exploitation of the copyright owner's monopoly over the copyrighted work. The owner of a copyright can transfer all or any part of the rights, other than the moral rights. For instance, the owner could transfer the right to publicly perform a dramatic work, while retaining the right to make copies of the work and the right to prepare derivative works. The owner also can transfer a geographically limited right, such as book publishing contracts often are geographically

limited). Rights also may be granted for a limited time and may be exclusive or granted to several recipients simultaneously.

The copyright owner can transfer rights in any way that other property can be transferred, but in all cases the contract should be in writing. Further, where ownership is being conveyed, the transfer is invalid unless it is in writing.

1. Negotiating the Terms of the Transfer

In negotiating the terms on which others would be allowed to use the work, the copyright owner has a number of options to consider:

- ***Whether to allow only one entity to use the work for all purposes***, presumably giving them the incentive to spend more on advertising because such expenditures would benefit only them;

- ***Whether to grant non-exclusive licenses*** to numerous parties who will compete with each other (this is done in instances where the property is considered valuable); or

- ***Whether different entities should be granted non-overlapping rights*** (divided geographically, by field of use, by type of copies to be distributed, or in some other rational fashion).

Businesses that routinely perform independent contract work for others should consider incorporating language in their standard work orders that would clarify copyright ownership.

2. Payment Options

Payment terms are of course negotiable. These can range from single cash payments, with no more money to be paid in the future, to no up-front payment and royalties based on sales.

a. Cash Payments

It is rare for commercial artists to be paid royalties. Single cash payments are the norm, although some contracts provide that if the work is used in other ways in the future, additional payments would be made.

b. Royalties

On the other hand, authors of books and musical works, and even sometimes software, typically receive the bulk of their income from royalties based on sales. They may receive an advance against those royalties at the time the contract is signed and/or at the time a publishable manuscript is accepted by the publisher. The amount of royalties, and the amount of advances, varies dramatically depending on the type of work and the prior commercial success of the author. Just as an example, with computer software, royalties may be in the range of 25% to 50% of sales, while textbook authors more often receive royalties in the 10% to 14% range. There are three typical characteristics to royalty rates:

- They often increase as sales increase;
- There is often a different amount for foreign sales than for sales in the United States; and
- They vary depending on the form in which the work is reproduced (e.g., rates are normally different for paperback copies of a book than for hardback, and different rates may be paid for record, tape and compact disc versions of musical works, although that is less common).

3. Recording Transfers

While it no longer is required that transfers of copyright interests be recorded, the Copyright Office will accept and file such documents. This can protect the purchaser against fraudulent transfers and against certain consequences that would otherwise result from bankruptcy of the copyright holder.

J. Enforcing Copyrights

1. What is "Copyright Infringement?"

In simple terms, copyright infringement is the unauthorized copying of someone else's work. Infringement occurs when someone exercises a copyright owner's exclusive rights without the owner's permission.

2. What Recourse Do I Have If My Copyright Is Infringed?

The owner of a registered copyright can enforce his rights by bringing a civil lawsuit in Federal District Court. Moral rights under the copyright statute are enforced in the same manner. In addition, the Federal government itself can act. Criminal actions can be brought by the U.S. Attorney, and Customs and Postal officials may seize and impound infringing articles that are being imported.

Before filing suit against certain computer service providers, Federal law requires that notice first be given to the service provider if the service provider has complied with the requirements for appointment of an agent under the Digital Millennium Copyright Act. This requirement applies, in general, to nonprofit services providers who allegedly have stored third party infringing materials on their network or servers (e.g. universities hosting student websites), and to service providers who allegedly have allowed infringing materials to be downloaded over their network or servers (e.g. internet service providers such as America Online who provide access to the Internet for their customers). Agents for these types of providers are required to be registered with the United States Copyright Office, and their addresses can be located there, as well as on the website of the alleged infringer. There are very specific requirements for the content of the required notice and, if the service provider disables access to or removes the infringing material in response to such a notice, then generally it will not be liable for damages. Similar, although less complicated, provisions apply if the alleged infringer is a newspaper. In all cases, consultation with experienced counsel to navigate through these threshold procedures is advisable.

3. Alternatives to a Lawsuit

Lawsuits are expensive and time consuming. Although recovery of attorneys' fees is possible if the suit is successful, it is not assured. Except where infringement obviously is willful and part of a counterfeiting or similar scheme, it is our firm's belief that suit seldom should be filed without a first attempt to settle outside of court. Experience shows that the vast majority of these cases can be settled out of court--it is not in any client's interest to spend money on attorneys that could bring more tangible business results if spent elsewhere. A carefully worded letter from a copyright attorney is another option, and it may elicit an appropriate response from the infringer. The letter should make the infringer aware of the following:

- The existence of your copyright registration;
- The similarities between the possibly infringing material and your copyrighted work; and
- Available remedies for infringement under the federal law.

4. Remedies

a. Forfeiture and Destruction

The remedies for infringement, if proven, can be substantial. In civil actions brought by the copyright owner, the court may order forfeiture and/or destruction not only of all infringing articles, but also of any implements used to manufacture the infringing articles.

b. Seizure and Impoundment

Where a strong case of infringement can be shown, the court may even order seizure and impoundment of such articles prior to trial, and in some cases, without prior notice to the alleged infringer. For instance, counsel in our firm, representing the copyright owner, have descended on the place of business of a computer software infringer, accompanied by Federal Marshals, and left with not only the infringing diskettes but also the computers used in connection with the unauthorized copying. Similarly, where T-shirt manufacturers are copying protected designs, raids and seizures without prior notice are not uncommon. It is important not to engage in such tactics without clear evidence of unlawful activity, since the copyright owner may be required to pay heavily for any wrongful seizure.

c. Payment of Damages

Assuming the copyright owner can successfully prove infringement has occurred, in addition to obtaining an order stopping the infringement and ordering destruction of infringing articles, the copyright owner can recover any provable damages, including lost profits. The copyright owner need only show the infringer's gross revenue from exploitation of the infringing work, and it is up to the infringer to prove any deductible expenses and the extent to which the profits result from elements other than the infringement.

If the work was registered before the first act of infringement, then even if no actual damages can be shown, the copyright owner can elect to receive "statutory damages". Provided that copyright notices were properly affixed to the work, the minimum amount of

statutory damages that can be awarded for copyright infringement is $500; and the maximum is $20,000. In certain cases, where the infringer can prove he acted innocently, the minimum can be reduced to $200 or even (for nonprofit infringers) to nothing. On the other hand, if the infringement was willful, the potential statutory damage award is increased to $100,000 for each act of infringement. In addition, attorneys' fees may be awarded.

d. Potential for Federal Prosecution

In addition to civil penalties, copyright infringers can be prosecuted under the federal criminal laws. All willful copyright infringement is a criminal offense. The lowest penalty is conviction of a federal misdemeanor, with a prison sentence of up to one year and a fine of up to $5000. More serious penalties are levied against infringers who make multiple copies of a work, or who copy expensive works. It is a felony, punishable by up to five years in prison and a fine of up to $250,000 to willfully infringe copyrights of others by making, during a 180-day period, ten or more copies of a work which have a cumulative value of $2500 or more. Second and subsequent offenses carry a prison term of up to ten years in addition to the fine. Companies that willfully infringe can be assessed up to $500,000 in fines.

K. Defending Against Claims of Copyright Infringement

1. Responding to an Accusation of Copyright Infringement

As soon as an accusation of infringement is made an experienced copyright counsel should be consulted. Preferably, an attorney should be consulted even before the accusation is made, whenever questionable use of the works of others is being contemplated. In most cases, if the work to be copied or adapted was created 200 years ago, there is no reasonable likelihood that infringement can be claimed. On the other hand, if it was published or created within the last 120 years, there may be copyright protection outstanding and infringement is much more likely. It also is important to note that even though the copyright on the underlying work may have expired, the copy of the work sought to be used may still be entitled to copyright protection. This is generally the case where a work has been reproduced in digital form – the digital version will have a copyright of its own.

Never forget that willful copyright infringement is a crime, and can be prosecuted as such. The very statements of the party being accused can form the basis of the prosecution. If Federal Marshals appear, or if criminal charges are brought, absolutely no statement should be made without having an attorney present. Even if criminal charges seem unlikely, it is still best to consult counsel before making any response.

2. Potential Defenses

Even if the work in question was copied, or used as a basis for a new work, such actions may be lawful. Common defenses include:

- Only the idea of the copyrighted work was copied, and not the protected manner in which the idea was expressed;

- The copyrighted material was subject to "fair use" (e.g., for educational or other nonprofit purposes, which did not harm the value of the copyrighted work; under circumstances where it was not practical to request permission; where the use was a parody; or where use was a news report); or
- The copyright is invalid.

Each of these defenses is quite complex. The fact that the accused is an employee of a nonprofit institution is not sufficient to avoid copyright liability. Educators, nonprofit theaters, and arts institutions, and even the Boards of Directors of charitable organizations, can all be held accountable for unauthorized use of copyrighted works.

3. How Can I Avoid a Copyright Infringement Lawsuit?

Taking reasonable care to avoid unlawful copying remains the simplest and most effective way to avoid successful infringement suits. If planning to generate a work very similar to that which a competitor publishes, it is important to maintain accurate records showing independent creation. If possible, creation of the competitive work should be entrusted to someone who has not seen the original work, remembered portions of it are not inadvertently copied.

Copying sentence structure but substituting different words of identical meaning is still infringement, in most cases. For instance, if a company developing a product catalog simply translates the competitor's "It permits the use of flexible telco cable instead of bulky RS-232 cable" to read, "It allows the use of twistable telephone wires instead of larger RS-232 cable," and treats remaining copy in the competitor's catalog the same way, a judge would have no doubt as to the origin of the catalog and would probably find infringement. One or two similar sentences may be inevitable; however, whole paragraphs and pages is evidence of copying.

Clients sometimes are tempted to cut and paste attractive pictures they have seen, or competitors' photographs, or the like, into their own ads. In such cases, the damages plus "actual profits of the infringer" which the owner of the copied materials may have a right to collect could include profits from sale of the goods promoted in the advertisement; the burden is on the infringer to show that the ad did not contribute to sales. The safer course is simply not to copy or adapt the works of others. Independent generation of a similar work is, in the long run, frequently less expensive.

Special considerations apply in the case of website operators, or those who make computer services available to others. Universities, for example, operate servers from which their students access the outside world, and frequently also allow students to post their own websites on university servers. The Digital Millennium Copyright Act, enacted in 1998, added a new section to the copyright laws, entitled "Limitations on Liability Relating to Material Online." In brief, this new law creates "safe harbor" provisions for service providers who transmit, route, or provide connections for infringing material en route from a source to a user, even if that infringing material is cached temporarily on the service provider's own computers.

An additional safe harbor is granted to nonprofit service providers who store material for third-party users. In each case, the service provider must not have known of the infringement, and must take prompt steps to remove or disable access to the infringing material once it is brought to their attention. In each case also, the service provider must have designated an agent to receive notifications of claimed infringements by making available through its service, including on its website in a location accessible to the public and also by providing that information to the Copyright Office. The Copyright Office maintains a current directory of registered agents, available for inspection.

L. The Semi-conductor Chip Protection Act: Related but Different

"**Mask works**" representing the pattern of the various layers used in manufacturing semi-conductor chips are protected by Federal legislation technically falling under the Copyright Act, but different in a number of critical aspects from the scheme of copyright protection.

The owner of a protected mask work has the exclusive right to do, or authorize others to do, three things:

- ***Reproduce the mask work*** by optical, electronic, or any other means;
- ***Import or distribute a semiconductor chip product*** in which the mask work is embodied; and
- ***Induce or knowingly cause another person to do any of the acts described above.***

As with copyright, protection does not extend to any underlying ideas. In addition, the mask work owner's rights do not prevent others from reproducing the work solely for the purpose of teaching, analyzing, or evaluating the concepts or techniques embodied in the mask work, or the circuitry, logic flow, or organization of components used in the mask work; nor can he prevent anyone who carries out such analysis from using the results of the analysis to create his own original mask work.

Unlike copyrights, registration of claims to ownership in mask works is absolutely required. Registration must be accomplished within two years from the date the mask work is first commercially exploited anywhere in the world. From the date of registration, protection endures for a ten-year term.

Notice of the claim to mask work protection should be given, but, as with copyright, is not required. There are only two elements in a mask work notice: (1) the mask work owner's name, and (2) either of two special mask work symbols: the symbol **M**, or the letter *M* enclosed within a circle.

Owners of registered mask works may bring suit for infringement of their rights. As with copyrights, the court may impound the infringing products and order cessation of the infringement; may award damages; and may require the infringer to pay the mask work

owner's attorneys' fees. Even if the owner has not suffered any actual damages, or has been injured only slightly, the court is authorized to award statutory damages of up to $250,000 per work infringed. Defenses are available to accusations of infringement, including that the alleged infringer engaged in the type of reverse engineering permitted under the Act.

While the Semi-Conductor Chip Protection Act is considerably more complex than this brief overview can set out, it should be clear that companies engaged in any aspect of semi-conductor chip design and manufacture should consult with counsel to maximize their rights, and avoid infringing the rights of others, under the Act.

M. Copyright Protection and Management Systems

With use of the Internet being so widespread, many copyright owners find it lucrative to take advantage of this medium by advertising their protected works on the Internet to make a profit. The downside is that the Internet provides individuals with free and broad access to copyrighted works that are found on various websites. Consequently, piracy of protected works has become a major concern.

To protect their works, some copyright owners use other technological means (e.g., creating a password) to encrypt their works so that access is restricted to those consumers who pay for it. Despite these extra measures, copyrighted works on the Internet can still be vulnerable to piracy.

1. Circumvention of Copyright Protection Systems

There are individuals who find ways to access and profit from protected works by breaking the encryption codes, or by providing devices and services that make it possible for others to do so. Section 1201 of the Copyright Act makes it illegal for others to circumvent, or bypass, any sort of scrambling, encryption, or authentication measure incorporated by the copyright owner to limit access to the protected work. The Act also makes it illegal to provide services that enable decryption of an owner's technological measures of protection.

There are some limitations to this ban on circumvention. Section 1201 only protects technological measures that control access to works that are *currently* under copyright protection. Therefore, circumvention of measures to protect public works does not violate the statute.

Certain individuals are exempted from the ban: the prohibition does not apply to users of copyrighted works who would be, in some way, "adversely affected" if banned from making lawful use of certain works. While the statute is vague as to which class of individuals and which copyrighted works falls under the exemption, Section 1201 does provide a method for determining whether a person will be "adversely affected" by the ban. The statute requires the Librarian of Congress (as well as other individuals within The Copyright Office) to conduct a rulemaking proceeding, where the following factors are considered:

- The availability for use of copyrighted works;
- The availability for use of works for nonprofit archival, preservation, and education purposes;
- The impact the prohibition has on criticism, comment, news reporting, teaching, scholarship, or research;
- The effect circumvention of technological measures will have on the value of copyrighted works; and
- Any other factors the librarian considers appropriate.

2. Removal of Copyright Management Information

Copyright management information can be conveyed in copies of a work, performances, or displays of work. Section 1202 of the Copyright Act prevents a copyright owner from providing false copyright management information others. More importantly, the statute prevents the intentional removal, alteration, and distribution of copyright management information without the copyright owner's permission. However, there are limitations on liability with respect to removal, alteration, or distribution of copyright management information through transmissions by radio and television broadcast stations, as well as any digital mediums.

3. Remedies

If any violations occur under Sections 1201 or 1202 of the Copyright Act, the copyright owner is entitled to sue. If a court is satisfied that a violation did in fact occur, the court may take a variety of measures, in its discretion:

- Grant temporary and permanent injunctions to prevent any further violations;
- While the case is pending, the court may impound any device or product that it has reason to believe the alleged violator uses;
- Award damages fees;
- Allow recovery of costs; and
- Order the destruction of any device involved in the violation.

With respect to damages, a court, in its discretion, may reduce the total award of damages if the violator provides sufficient proof that he was not aware that his activities infringed the statutes. However, if a person willfully violates either statute for financial gain, that person is subject to criminal prosecution, which could result in huge fines or a term of imprisonment.

N. Summary

Although copyright is the easiest form of intellectual property protection to acquire and maintain (coming into being and continuing to exist under the present laws without any act on the part of the author other than creation of the copyrighted work), ownership rights and analysis of fair use issues can be very complex.

Copyrighted works can be valuable business assets. These assets are not fully protected unless copyright notices are used properly, and claims to copyright are registered.

Businesses entering into contracts with outside consultants should consider who will own resulting copyrightable works, and provide for that in advance, by agreement. Moral rights must also be considered and, where appropriate, expressly waived in writing. Otherwise, purchasers may spend a great deal of money and have less to show for it than they thought they had. Likewise, independent contractors (including independent artists, authors, and others) need to protect their rights when entering into contracts to produce copyrightable works for others.

Obtaining United States copyright registration is in most cases not difficult. The Copyright Office publishes booklets and forms with instructions that provide a great deal of assistance, and there is backup assistance available from the Public Information Specialists. Assistance of copyright counsel should be sought for applications that are not routine, especially in the computer software area and where the work in question is expected to be particularly valuable and/or the subject of dispute.

Questions involving infringement issues call for legal counsel at the earliest opportunity. Usually, disputes can be settled without lawsuits, but if suit must be brought, substantial remedies are available to the copyright owner.