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Recent Developments

**SELECTED RECENT DEVELOPMENTS IN COPYRIGHT**

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I. Introduction

Two landmark decisions in the area of copyright protection for computer interface programs are summarized. The first opinion concerns the input and output formats of software \*108 application programs, while the second defines the standard of copyright protection for graphical user interfaces. Another noteworthy case deals with the copyright fair use exception in the context of photocopying. Still other recent cases relate to the effect of failing to provide copyright notice to copyrighted

works, errors in copyright registration, and the statute of limitations in a case involving the so-called “continuing tort” theory.

Additionally, this paper summarizes in brief fashion some recent statutory developments in the area of copyrights. First, the Copyright Office has issued new rules relating to the restoration of copyright for certain Mexican and Canadian works. The rules were issued in an attempt to comply with provisions of the North American Free Trade Agreement. Second, the legislature recently passed a bill amending portions of the Copyright Act which affect the way satellite carriers obtain compulsory licenses.

## II. Statutory Elements—Originality of Software Interfaces

### A. Engineering Dynamics, Inc. v. Structural Software, Inc.<sup>1</sup>—Copyright Protection of Software Formats

Engineering Dynamics, Inc. (“EDI”) sued Structural Software, Inc. (“SSI”), claiming copyright infringement of several formats<sup>2</sup> EDI used as part of a structural analysis program. In reversing the district court’s dismissal of the EDI’s infringement claim,<sup>3</sup> the court of appeals endorsed the “abstraction-filtration-comparison” method used in other copyright cases involving computer programs:

First ... a court should dissect the program according to its varying levels of generality as provided in the abstractions test. Second ... the court should examine each level of abstraction in order to filter out those elements of the program which are unprotectable.... Third, the court should then compare the remaining protectable elements with the allegedly infringing program to determine whether the defendants have misappropriated substantial elements of the plaintiff’s program.<sup>4</sup>

The court was of the opinion that formats, taken as a whole, qualify as “expression[s]” for purposes of copyright<sup>5</sup> and remanded the case for a determination of whether the formats SSI had developed were substantially similar to EDI’s.<sup>6</sup>

**\*109** The opinion analyzes the difficulties many courts have applying copyright standards to computer programs and user interfaces. The difficulties stem primarily from the fact that many computer programs combine unprotectable utilitarian functions with original and expressive elements. Separating the different aspects of a computer program into its protectable and unprotectable components can be an intricate and complicated task.

### B. Apple Computer, Inc. v. Microsoft Corp.<sup>7</sup>—Copyright Protection For a Popular Graphical User Interface

Apple developed a Graphical User Interface (“GUI”) concept of using a system of windows, icons and pull-down menus for its line of Lisa and Macintosh computers.<sup>8</sup> In 1985, Apple licensed the right to use and sublicense derivative works based on its GUI to Microsoft. Thereafter, Microsoft and its licensee, Hewlett-Packard (“HP”), released several versions of GUI software products which included many of the features found in Apple’s GUI. Apple sued both Microsoft and HP for copyright infringement claiming Microsoft exceeded the scope of the 1985 license and infringed the “total concept and feel” of Apple’s GUI.<sup>9</sup>

In affirming a grant of summary judgment for Microsoft and HP, the court of appeals approved the district court’s method of “[dissecting the] unlicensed elements in order to determine whether the remaining similarities lack originality, flow naturally from basic ideas, or are one of the few ways in which a particular idea can be expressed given the constraints of the computer environment.”<sup>10</sup> The court rejected Apple’s argument that the “total concept and feel” in the selection and arrangement of related images and their animation should be compared with the defendants’ works for substantial similarity.<sup>11</sup> In determining the scope of copyright protection for a GUI:

[T]he plaintiff must identify the source(s) of alleged similarity between his work and the defendant’s work.... Using analytic dissection ... the court must determine whether any of the allegedly similar features are protected by copyright.... [The court must ... [then] decide whether the work is entitled to “broad” or “thin” protection.<sup>12</sup>

Given the license agreement granting Microsoft the right to copy almost all of Apple’s visual displays as well as the limited number of ways in which the basic ideas of the Apple GUI can be expressed, the court held that Apple was only entitled to “thin” copyright protection, applicable only to situations involving virtually identical copying.<sup>13</sup> While the case turned primarily on the existence of a license agreement between the parties, the opinion can be interpreted to stand for the

proposition that copyright protection is more narrow in cases involving software interfaces.

### \*110 III. Statutory Elements

#### A. Charles Garnier, Paris v. Andin Int'l Inc.<sup>14</sup>—“Curing” a Defect In Copyright Notice

Since 1988, the French company Garnier had been selling a piece of jewelry known as the Swirled Hoop Earring in the United States.<sup>15</sup> At that time, none of the jewelry carried a notice of copyright. Prior to March of 1989, notice of copyright was mandatory requiring that the copyright owner “cure” all omissions of notice for all copies distributed to the public after the omission was discovered.<sup>16</sup> In July of 1992, Garnier started putting notices on their jewelry, the same time they discovered Andin was selling identical unauthorized copies of the earrings.<sup>17</sup> However, the law had changed in March of 1989 so that it was no longer necessary to attach a notice in order to gain copyright protection.<sup>18</sup> The cure requirements of the old law still applied to works distributed prior to the new law’s effective date.<sup>19</sup> At issue in this case were the questions of whether Garnier could cure the notice defect in 1992 for the earrings it had distributed in 1988 and, if so, did Garnier make legally sufficient efforts to cure?

The court of appeals disagreed with district court that, for purposes of summary judgment, Garnier should have known the consequences of its omission as early as April 1988. Nevertheless, the court affirmed the lower court’s grant of summary judgment against Garnier on the basis that Garnier had made no “legally cognizable effort[s], reasonable or otherwise, to add notice to its Swirled Hoop Earrings.”<sup>20</sup>

In so holding, the court construed the language of § 405(a)(2) of the Copyright Act to mean that unnoticed copies of a work must be cured “regardless of when those copies are distributed.”<sup>21</sup> This principle extended to the copies Garnier had distributed to retail dealers since 1988 but had not been sold to the public. The court noted that “no cure can be considered ‘reasonable’ in cases where the author simply sits back and waits to see whether his or her work will be a best-seller ....”<sup>22</sup>

#### \*111 B. Arthur Rutenberg Homes, Inc. v. Drew Homes, Inc.<sup>23</sup>—Effect of Copyright Registration Errors on Validity of copyright

Chrysalis engaged the architectural firm Heise to prepare a set of architectural plans. Heise and Chrysalis orally agreed that Chrysalis would own the plans.<sup>24</sup> The parties did not reduce their agreement to writing until after Chrysalis had obtained a Certificate of Copyright Registration for the plans.<sup>25</sup> Chrysalis later sold and assigned its copyright in the plans to the Appellant Rutenberg. The issue on appeal was whether the fact Chrysalis did not have a written assignment at the time of registration invalidated Rutenberg’s claim of copyright infringement of the plans.

In reversing the finding of the Magistrate Judge that Chrysalis did not have the right to register for copyright, the court of appeals stated that “[c]opyright ownership and the effect of mistaken copyright registration are separate and distinct issues.”<sup>26</sup> Following the reasoning of other cases construing the “in writing” provision of § 204(a),<sup>27</sup> the court was satisfied that an oral assignment is valid when it is later ratified by a written memorandum.<sup>28</sup> Thus, Chrysalis was not required to have written evidence of the assignment at the time of registration in order to apply for and receive a valid registration.

### IV. Other Recent Developments

#### A. Parfums Givenchy, Inc. v. Drug Emporium, Inc.<sup>29</sup>—Effect of U.S. Copyright Law on Foreign Imports

The French company Givenchy had the copyright to an original and distinctive box design which it used to sell a perfume product called Amariage. Givenchy assigned its copyright in the design to its U.S. subsidiary Givenchy USA. Prior to the assignment, third parties in France obtained legal quantities of Amariage packaged in the same distinctive box design which they then imported to the United States and sold to the Appellant Drug Emporium.<sup>30</sup> The main issue in the case was whether Givenchy USA had the right to control the flow of the Amariage imports in light of the fact that such imports were legally obtained and imported prior to Givenchy USA receiving the copyright.

The court rejected the position that a legal purchase abroad of copyrighted articles extinguishes the copyright owner’s rights in the copyrighted work under the “first sale” doctrine.<sup>31</sup> \*112 By studying the legislative history to the 1976 amendments to the Copyright Act, the court found that the purpose behind the Act was to provide greater remedies for U.S. copyright owners.<sup>32</sup> Thus, § 602(a) makes the act of importation of both pirated and lawfully obtained copies illegal, regardless of sale.<sup>33</sup>

The court recognized the validity of the first sale doctrine as a defense to copyright infringement, but only as it applies to copies that are legally made and sold in the United States.<sup>34</sup> Givenchy USA thus had a valid copyright interest in prohibiting the flow of imported Amariage sold in the copyrighted box design.

#### B. American Geophysical Union v. Texaco Inc.<sup>35</sup>—“Fair Use” Exception in the Area of Photocopied Works

Donald Chickering, a research engineer for Texaco, was in the habit of reviewing scientific and technical journals in his field of research. Chickering made photocopies of eight articles found in the journal *Catalyst* and kept them in his files for future reference. Other than storing the articles, Chickering never used or referred to them in any way.<sup>36</sup> The issue on appeal was whether Chickering’s storage of photocopied articles was a fair use of the authors’ work.

In a 2-1 decision, the court of appeals affirmed a district court holding that photocopying the articles in the journal was not a fair use of the plaintiffs’ work, even if Texaco was not using the articles for direct commercial purposes.<sup>37</sup> The court focused on the four nonexclusive fair use factors of § 107 of the Copyright Act<sup>38</sup> and concluded that three of the four factors favored the plaintiffs.<sup>39</sup>

The court rejected Texaco’s argument that Chickering’s photocopying was a fair use of the articles since the photocopies were not sold or distributed in competition with the originals. While it was true that Texaco had not directly exploited the articles in a commercial manner, it did “reap[] at least some indirect economic advantage from its photocopying” since Chickering utilized the articles in order to help Texaco develop profitable products.<sup>40</sup>

**\*113** The court also rejected Texaco’s “transformative use” defense that converting the articles into an easier-to-use photocopied form was transformative use of the work.<sup>41</sup> Photocopying merely transforms the material object embodying the copyrighted work and not the work itself.<sup>42</sup>

#### C. Makedwde Publishing Co. v. Johnson<sup>43</sup>—“Continuing-Tort” Theory and the Statute of Limitations

In this case, Appellant Lyman Jones was accused, along with other defendants, of exploiting a song entitled “Carnival Time” in violation of Makedwde’s copyright in the same song. Jones showed that he had ended his involvement with the other defendants in January of 1985.<sup>44</sup> The lawsuit was filed in March of 1991. Nevertheless, unauthorized copies of “Carnival Time” continued to be sold up to the time of trial.<sup>45</sup> At the district court level, Jones’ motion for summary judgment based on a three year statute of limitation was denied. The issue on appeal concerned the validity of the “continuing tort” theory in the Fifth Circuit.<sup>46</sup>

Recognizing that a split existed among the circuits with regard to the validity of the theory, the court favored the view that “[e]ach act of infringement is a distinct harm giving rise to an independent claim for relief.”<sup>47</sup> The court rejected the Fifth Circuit theory and reversed the district court’s denial of Jones’ motion for summary judgment noting that “to hold Jones liable ‘would be a socially preposterous and commercially disastrous doctrine.’”<sup>48</sup>

### V. Other Copyright News

#### A. Restoration of Copyright Under NAFTA

Final rules concerning the restoration of copyright for Mexican and Canadian motion pictures that entered the public domain without copyright notices were issued on November 15, 1994, by the Copyright Office. The NAFTA Implementation Act<sup>49</sup> added a new Section 104A to the Copyright Act which provides for the restoration of copyright for works published between January 1, 1978, and March 1, 1989.<sup>50</sup> Copyright owners of such works are required to file a **\*114** statement of intent to restore with the Copyright Office by December 31, 1994.<sup>51</sup> The statement of intent must contain information set out in the final regulations.

#### B. Satellite Compulsory License Provisions

On October 18, 1994, Congress passed legislation amending Section 119 of the Copyright Act regarding satellite compulsory licenses. Some of the new provisions are:

- Satellite carriers sued for infringement bear the burden of establishing that a household is “unserved” by cable or other TV

systems and is thus eligible for satellite services;

- Satellite carriers must measure network signals in determining whether a household is unserved;
- A satellite carrier, upon a challenge from a network station that a household is unserved, has to conduct a signal intensity test measurement to demonstrate that the household is unserved;
- The station must reimburse the satellite carrier for the cost of signal measurement if it shows that the household is unserved;
- Signal measurement costs incurred when the network stations sue under Section 119 may be recovered within 60 days by the party whose position is not supported by the measurement.<sup>52</sup>

## VI. Conclusion

Engineering Dynamics, Inc. and Apple Computer, Inc. were the two important decisions summarized in this article. In Engineering Dynamics, Inc., the court of appeals endorsed the “abstraction-filtration-comparison” method of determining copyright violation. The appeals court in Apple Computer, Inc. held that Apple was entitled only to thin copyright protection on its graphical user interface (GUI). This holding turned on the fact that Apple had a previous license agreement with the defendants. This article also summarized cases dealing with the copyright fair use exception in the context of photocopying, the effect of failing to provide copyright notice to copyrighted works, errors in copyright registration, and the statute of limitations involving the so-called “continuing tort” theory.

This article also summarized two of the recent statutory developments in the area of copyrights. First, the Copyright Office issued new rules relating to the restoration of copyright for certain Mexican and Canadian works. Second, Congress recently passed a bill amending portions of the Copyright Act which affect the way satellite carriers obtain compulsory licenses.

## Footnotes

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<sup>1</sup> 26 F.3d 1335, 31 U.S.P.Q.2d (BNA) 1641 (5th Cir.1994).

<sup>2</sup> A “format” defines the order and manner in which information is arranged. In this case, EDI used an 80-column input format that allows users to place specific information in specific columns.

<sup>3</sup> Interestingly enough, EDI had successfully defended itself in a copyright infringement case fifteen years earlier involving the same formats. See Synercom Technology, Inc. v. University Computing Co., 462 F.Supp. 1003, 199 U.S.P.Q. (BNA) 537 (N.D. Tex. 1978).

<sup>4</sup> Engineering Dynamics, 26 F.3d at 1342-43, 31 U.S.P.Q.2d at 1646 (quoting Gates Rubber Co. v. Brando Chem. Indus., 9 F.3d 823, 834, 28 U.S.P.Q.2d (BNA) 1503, 1508 (10th Cir.1993) (emphasis added by the Court of Appeals)).

<sup>5</sup> Engineering Dynamics, 26 F.3d at 1344, 31 U.S.P.Q.2d at 1647. See also 3 MELVILLE B. & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[F] at 13-102.17 (1993).

<sup>6</sup> Perhaps this was a forgone conclusion given that SSI admitted at trial to copying EDI materials in developing their program, which used virtually the same 80 column input format as that used in EDI’s program. Engineering Dynamics, 26 F.3d at 1339, 31 U.S.P.Q.2d at 1643.

7 35 F.3d 1435, 32 U.S.P.Q.2d (BNA) 1086 (9th Cir.1994).

8 Id. at 1438, 32 U.S.P.Q.2d at 1087.

9 Id., 32 U.S.P.Q.2d at 1087.

10 Id. at 1439, 32 U.S.P.Q.2d at 1088.

11 Id. at 1442, 32 U.S.P.Q.2d at 1091.

12 Id. at 1443, 32 U.S.P.Q.2d at 1092.

13 Id. at 1442, 32 U.S.P.Q.2d at 1091.

14 36 F.3d 1214, 32 U.S.P.Q.2d (BNA) 1321 (1st Cir.1994).

15 Id. at 1217, 32 U.S.P.Q.2d at 1332.

16 See 2 MELVILLE B. & DAVID NIMMER, NIMMER ON COPYRIGHT § 7.02[C], at 7-15 to 7-16 (1993).

17 Charles Garnier, Paris, 36 F.3d at 1217, 32 U.S.P.Q.2d at 1322.

18 Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (amending 17 U.S.C. §§ 101-914).

19 17 U.S.C. § 405(a) (Supp.1994).

20 Charles Garnier, Paris, 36 F.3d at 1227, 32 U.S.P.Q.2d at 1331. Garnier had sent letters to its largest retail customer stating that it held a copyright in the earrings and had provided a story card to its retail customers to accompany the sale of its jewelry. However, the court did not consider these to be legally cognizable efforts. Id., 32 U.S.P.Q.2d at 1331.

21 Id. at 1225, 32 U.S.P.Q.2d at 1329.

22 Id. at 1222, 32 U.S.P.Q.2d at 1326.

23 29 F.3d 1529, 31 U.S.P.Q.2d (BNA) 1940 (11th Cir.1994).

24 Id. at 1530, 31 U.S.P.Q.2d at 1941.

25 Id., 31 U.S.P.Q.2d at 1941.

26 Id. at 1531, 32 U.S.P.Q.2d at 1942.

27 “A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.” 17 U.S.C. § 204(a) (1977).

28 *Rutenberg Homes*, 29 F.3d at 1533, 31 U.S.P.Q.2d at 1943.

29 38 F.3d 477, 32 U.S.P.Q.2d (BNA) 1512 (9th Cir.1994).

30 *Id.* at 479, 32 U.S.P.Q.2d at 1513.

31 *Id.* at 481, 32 U.S.P.Q.2d at 1514 (discussing the “first sale” doctrine as embodied in 17 U.S.C. § 109(a) (1977)).

32 *Id.*, 32 U.S.P.Q.2d at 1515.

33 *Id.*, 32 U.S.P.Q.2d at 1515.

34 *Id.*, 32 U.S.P.Q.2d at 1515 (citing *BMG Music v. Perez*, 952 F.2d 318, 319, 21 U.S.P.Q.2d (BNA) 1315, 1317 (9th Cir.1991), cert. denied, 112 S.Ct. 2997 (1992)).

35 37 F.3d 881, 32 U.S.P.Q.2d (BNA) 1545 (2nd Cir.1994).

36 *Id.* at 884, 32 U.S.P.Q.2d at 1547.

37 *Id.* at 899, 32 U.S.P.Q.2d at 1560.

38 The factors are: (1) the purpose and character of the use, (2) nature of the copyrighted work, (3) amount and substantiality of portion used, and (4) effect upon the potential market or value. 17 U.S.C. § 107(1)-(4) (Supp.1994).

39 *American Geophysical*, 37 F.3d at 899, 32 U.S.P.Q.2d at 1560.

40 *Id.* at 890, 32 U.S.P.Q.2d at 1552.

41 *Id.* at 890-91, 32 U.S.P.Q.2d at 1552 (citing *Campbell v. Acuff-Rose Music, Inc.*, 114 S.Ct. 1164, 1171, (1994) (“[t]he more transformative the new work, the less ... the significance of other factors ... that may weigh against a finding of fair use.”)).

42 *Id.* at 891, 32 U.S.P.Q.2d at 1553.

43 37 F.3d 180, 32 U.S.P.Q.2d (BNA) 1635 (5th Cir.1994).

44 *Id.* at 180, 32 U.S.P.Q.2d at 1636.

- 45 Id. at 181, 32 U.S.P.Q.2d at 1636.
- 46 Id., 32 U.S.P.Q.2d at 1636.
- 47 Id. at 182, 32 U.S.P.Q.2d at 1637 (quoting *Stone v. Williams*, 970 F.2d 1043, 1049 (2nd Cir.1992), cert. denied, 113 S.Ct. 2331 (1993)).
- 48 Id., 32 U.S.P.Q.2d at 1637 (quoting *Maloney v. Stone*, 171 F.Supp. 29, 32, 121 U.S.P.Q. (BNA) 257, 259 (D.Mass.. 1959)).
- 49 NAFTA Implementation Act, Pub. L. No. 103-182, § 334(a), 107 Stat. 2057, 2115 (1993); 47 PAT. TRADEMARK & COPYRIGHT J. (BNA) 139 (1993).
- 50 § 334(a), 107 Stat. at 2115.
- 51 § 334(b), 107 Stat. at. 2115.
- 52 17 U.S.C. § 119 (Supp.1994), amended by Satellite Home Viewer Act of 1994, Pub. L. No. 103-369, 108 Stat. 3477 (1994).