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Recent Development

RECENT DEVELOPMENTS IN COPYRIGHT LAW

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*Table of Contents*

I.	Subject Matter	318
	A. Copyrightability-Taxonomies	318
	B. Idea/Expression Dichotomy	321
	C. Originality	323
II.	Registration and Notice	326
	A. Single Registration of Multiple Works	326
	B. Notice Requirement for Advertisements in Collective Works	328
III.	Infringement	335
	A. Inferring Access from Striking Similarity	335
	B. Importation-Gray Market Goods	340
	C. Substantial Similarity	345
IV.	Licensing	349
	A. Oral License	349
	B. Implied Nonexclusive License	352

Several legally and factually interesting copyright cases were decided between December 1997 and March 1998. The Supreme Court addressed whether the first sale doctrine bars an action under Section 602(a) of the Copyright Act of 1976 that involves gray market goods.<sup>1</sup> In a pair of opinions from the Seventh Circuit, Judge Posner clarified that circuit's position, originally set forth in *Selle v. Gibb*,<sup>2</sup> on the evidence necessary to infer access from striking similarity,<sup>3</sup> and Judge Easterbrook \*318 addressed the copyrightability of taxonomies.<sup>4</sup> In two factually interesting cases, a preliminary injunction

seeking to prevent the release of the motion picture *Amistad* was denied,<sup>5</sup> and a summary judgment finding that Andrew Lloyd Webber did not copy the *Phantom Song* was reversed and remanded by the Second Circuit.<sup>6</sup> These and other selected copyright cases from Volumes 44 and 45 of *The United States Patents Quarterly*, Second Series, are discussed below.

## I. Subject Matter

### A. Copyrightability-Taxonomies

The Seventh Circuit addressed the copyrightability of a taxonomy<sup>7</sup> in *American Dental Association v. Delta Dental Plans Association*.<sup>8</sup> The court held that the taxonomy at issue embodied sufficient originality for copyright protection and is not a “system” within the definition of Section 102(b) of the Copyright Act of 1976.<sup>9</sup> Thus, the taxonomy qualifies as an original work of authorship and is copyrightable subject matter.

In 1969, the American Dental Association (ADA) originally published a taxonomy of dental procedures called the Code on Dental Procedures and Nomenclature.<sup>10</sup> The original taxonomy was published in a journal that was covered by a general copyright notice, and subsequent versions of the taxonomy were specifically registered with the United States Copyright Office.<sup>11</sup>

The ADA’s taxonomy classifies dental procedures into groups.<sup>12</sup> Each dental procedure is assigned a number, a short description and a long description.<sup>13</sup> “For \*319 example, number 04267 has been assigned to the short description ‘guided tissue regeneration--nonresorbable barrier, per sight, per tooth (includes membrane removal)’, which is classified with other surgical periodontic services.”<sup>14</sup>

Delta Dental Association published a derivative work of the ADA’s taxonomy that included most of the numbers and short descriptions of the ADA’s taxonomy.<sup>15</sup> Delta Dental Association did not dispute that a substantial amount of its taxonomy was copied from the ADA’s taxonomy.<sup>16</sup> The issue before the court, however, was whether a taxonomy is copyrightable subject matter.<sup>17</sup>

In holding that the ADA’s taxonomy was not copyrightable subject matter, the district court improperly used the functionality test applicable to three-dimensional articles, such as sculptural works, to the literary work at issue.<sup>18</sup> Based on this erroneous test, the district court held that taxonomies are uncopyrightable because “nothing remains after the ‘useful’ is taken away-- if the primary function is removed from the form--the work is devoid of even the modicum of creativity required for protection, and hence is uncopyrightable.”<sup>19</sup> The fallacy of the district court’s “usefulness” test becomes apparent when applied to commonly accepted copyrightable subject matter. The district court’s test would render dictionaries, computer programs, architectural plans, maps, and charts uncopyrightable.<sup>20</sup> These works would have nothing left if usefulness is taken away, but are commonly considered copyrightable. In fact, architectural plans, maps and charts are specifically incorporated within the definition of “pictorial, graphic and structural works” in Section 101 of the Copyright Act.<sup>21</sup> Further, maps, and charts comprise two of three specific items offered protection in the original Copyright Act.<sup>22</sup>

\*320 The proper standard for literary works, such as taxonomies, is that any original work is entitled to copyright protection.<sup>23</sup> Additionally, the required degree of originality is very low.<sup>24</sup> Although a taxonomy organizes facts, the classification of these facts into categories and subcategories requires creativity.<sup>25</sup> “Dental procedures could be classified by complexity, or by the tools necessary to perform them, or by the parts of the mouth involved, or by the anesthesia employed, or in any of a dozen different ways.”<sup>26</sup> Further, the numbers, short description, and long description applied to each procedure exhibit sufficient originality to warrant copyright protection.<sup>27</sup> The short and long descriptions could be expressed in a variety of ways.<sup>28</sup> In regard to the numbers, the ADA chose to assign a five-digit number to each procedure.<sup>29</sup> There is nothing inherent in dental procedures that indicates five digits rather than four or eight digits should be chosen.<sup>30</sup> Additionally, assigning a five-digit code to each procedure exhibits a “modicum” of creativity.<sup>31</sup> “So all three elements of the [taxonomy]--numbers, short descriptions, and long descriptions are copyrightable subject matter.”<sup>32</sup>

The most substantive challenge to the copyrightability of taxonomies is that they are systems. Section 102(b) of the Copyright Act prohibits copyright protection for “any idea, procedure, process, system, method of operation, concept, principle or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such a work.”<sup>33</sup> *Baker v. Selden*<sup>34</sup> makes clear that copyright law may not be used to monopolize revenue from a system, such as accounting

or reporting \*321 dental procedures.<sup>35</sup> A taxonomy, however, is not a system.<sup>36</sup> A taxonomy may be used as part of a system--e.g., a system of recording dental procedures in a dental office--but this does not preclude all protection for the taxonomy.<sup>37</sup> For example, blueprints may be used to construct machinery. Copyright law does not preclude a person from using blueprints for their intended purpose, but it does preclude a person from copying the blueprints or making derivative works of the blueprints.<sup>38</sup> Likewise, the ADA cannot preclude a dentist from using its taxonomy to record dental procedures as to do so would provide protection for a system, but the ADA can prevent a party from copying the taxonomy. Delta Dental did not use the taxonomy as part of a "system"--it copied the taxonomy and made a derivative work of the taxonomy.<sup>39</sup> Delta Dental is no more entitled to copy the ADA's taxonomy than Baker would be entitled to copy Selden's book.<sup>40</sup>

## B. Idea/Expression Dichotomy

In *Severin Montres Ltd. v. Yidah Watch Co.*,<sup>41</sup> a case implicating the idea-expression dichotomy in the context of three-dimensional works of applied art, the United States District Court of the Central District Court of California was faced with the issue of whether a watch design featuring a frame consisting of a three-dimensional letter "G" was infringed by a similarly-styled watch design featuring a frame made of either a three-dimensional letter "J" or "E."<sup>42</sup>

Pursuant to an exclusive worldwide license, Severin Montres introduced the Gucci Model 3600 wristwatch in early 1996.<sup>43</sup> The design of the Model 3600 incorporated a featureless rectangular face and metal bracelet together with a distinctive frame consisting of a thick, three-dimensional block letter "G" surrounding the face of the watch.<sup>44</sup> In 1997, the defendants (Yidah) began shipping their Series 5000 family of watch products, which exhibited numerous similarities to \*322 the Model 3600.<sup>45</sup> Rather than a letter "G," the face of a Series 5000 watch was framed by a three-dimensional block letter "J" or "E" representing the initials of Jacques Edho, one of the defendants in the case.<sup>46</sup> Prior to the first shipment of the allegedly infringing watches, Severin Montres filed a complaint requesting a preliminary injunction based on a claim of copyright infringement.<sup>47</sup>

After determining that the utilitarian aspects of Severin Montres' watch design did not preclude copyright protection under the useful article doctrine,<sup>48</sup> the court turned its attention to the issue of whether Yidah copied the protectable elements of Severin Montres' watch design.<sup>49</sup>

According to the idea-expression dichotomy, copyright law protects the expression of an idea but not the idea itself.<sup>50</sup> In this case, the court defined the idea behind Severin Montres' watch design as "framing the face of the watch with the first letter of the watch-maker's name to identify the maker."<sup>51</sup> The court stated that Yidah's Series 5000 watch directly copied Severin Montres' idea.<sup>52</sup>

If Yidah had merely copied Severin Montres' watch design idea, there would have been no finding of infringement. In the view of the court, however, Yidah went a step further and impermissibly copied Severin Montres' manner of expression.<sup>53</sup> The court noted that "[a] watch may be designed and constructed in an infinite variety of ways."<sup>54</sup> In this case, a comparison of the Model 3600 and Series 5000 revealed that both watches were of the same overall width and rectangular shape, featured nearly identical metal bracelets, and contained a featureless face in the \*323 background.<sup>55</sup> Moreover, the court thought it critical that both watches used the same thick, block lettering.<sup>56</sup> Due to the shape and size of the letters, the court found it difficult to distinguish the "J" or "E" on Yidah's Series 5000 watches from the "G" on Severin Montres' watch.<sup>57</sup> Therefore, the fact that Yidah's design was nearly identical to Severin Montres' design was sufficient to find substantial similarity of expression despite the use of different frame letters.<sup>58</sup> Based on all the evidence before it, the court granted Severin Montres' motion for a preliminary injunction.<sup>59</sup>

## C. Originality

In *Acuff-Rose Music, Inc. v. Jostens, Inc.*,<sup>60</sup> the lyrical phrase "You've got to stand for something or you'll fall for anything" was found to be a cliché that enjoyed substantial use in the public domain prior to the release of a song incorporating the lyrical phrase, and thereby was not entitled to copyright protection separate from the performer's vocal rendition of the phrase.<sup>61</sup> In 1990, a popular country song entitled *You've Got to Stand for Something* (Song) was released.<sup>62</sup> The Song contained the lyrical phrase "You've got to stand for something or you'll fall for anything."<sup>63</sup> The Song was very popular and peaked at number five on the national country hit charts.<sup>64</sup> The lyrical phrase symbolizes a father's advice to his son to live a principled life.<sup>65</sup>

In 1992, Jostens, a manufacturer and distributor of class rings, developed an advertising campaign using the advertising slogan “If You Don’t Stand for Something, You’ll Fall for Anything” (Advertising Slogan).<sup>66</sup> Jostens’ advertising materials stated: “The song says it best: If you don’t stand for something, you’ll fall for anything. And one of the best ways to show you stand for something is by wearing a Jostens class ring.”<sup>67</sup>

Acuff-Rose, the registered owner of the copyright to the Song, demanded that Jostens cease and desist use of the Advertising Slogan.<sup>68</sup> Jostens refused and this action followed.<sup>69</sup> In an unusual procedural context, both parties agreed to have the judge decide the case on the merits without a formal trial during a hearing on cross-summary judgment motions.<sup>70</sup> The judge decided, based on the summary judgment record, that the lyrical phrase was not sufficiently original to be entitled to copyright protection separate from the melody and the remaining lyrics of the Song.<sup>71</sup>

There was no dispute that Acuff-Rose owned a valid copyright registration to the Song.<sup>72</sup> Accordingly, the case turned on whether Jostens copied protectable elements of the Song.<sup>73</sup> To prove copying, a plaintiff must prove actual copying and improper appropriation.<sup>74</sup> Actual copying may be proved either by direct evidence, or by access to the copyrighted work and probative similarity between the allegedly infringing work and the copyrighted work.<sup>75</sup> In this case, there was no direct evidence of copying, so the court relied upon access and similarity to find that Jostens actually copied the Advertising Slogan from the Song.<sup>76</sup>

In finding actual copying, the court relied upon the similarity of the phrases, Jostens’ access to the Song, the timing of Jostens’ advertising campaign, and references to “the song” in Jostens’ advertising campaign.<sup>77</sup> The court found that the lyrical phrase and the Advertising Slogan were “strikingly similar.”<sup>78</sup> Access was inferred from the popularity of the Song and the number of copies sold, which was \*325 over 1.3 million.<sup>79</sup> The genesis of the advertising campaign coincided with the height of popularity of the Song.<sup>80</sup>

In regard to “the song” in the advertising materials, Jostens argued that the phrase “the song says it best” referred to an advertising jingle used as part of the advertising campaign.<sup>81</sup> The court was not persuaded and found that the phrase was a reference to the Song.<sup>82</sup> The court was influenced by the popularity of the Song at the time the advertising campaign was developed, and the lack of any evidence to support Jostens’ allegation that “the song” referenced the advertising jingle.<sup>83</sup> Jostens failed to submit an affidavit from either its own management or its advertising company to support its allegations.<sup>84</sup>

Acuff-Rose won the first battle, but lost the war when the court decided that the copied lyrical phrase was a cliché that lacked sufficient originality for copyright protection.<sup>85</sup> Although the entire musical work was entitled to copyright protection, the copied element of that work--namely the lyrical phrase--lacked the originality required for copyright protection.<sup>86</sup> Thus, Jostens was free to use the phrase in its advertising.

The court pointed to a substantial number of occurrences using the same or similar phrases prior to the Song.<sup>87</sup> These uses included a John Cougar Mellencamp song entitled *You’ve Got to Stand for Somethin’* which was recorded in 1985, and quotes attributed to Martin Luther King, Sr. and Malcolm X.<sup>88</sup> Based upon these uses, the court held that the phrase “is an idiom deeply-ingrained in the public consciousness. As a well-worn cliché or motto, the ‘ordinary’ phrase may be freely quoted or otherwise used without fear of infringement.”<sup>89</sup> Although Acuff-Rose lost \*326 the war, it was not left defenseless. Copyright protection prevents others from copying the vocal rendition of the phrase, the musical composition, the story told by the lyrics, and the lyrics combined with the melody.<sup>90</sup>

## II. Registration and Notice

### A. Single Registration of Multiple Works

In *Behnam Jewelry Corp. v. Aron Basha Corp.*,<sup>91</sup> the United States District Court of the Southern District of New York examined the requirements for registering multiple works in a single registration. Aron Basha Corp. (Basha) is a corporation in the business of marketing jewelry at both the wholesale and retail levels.<sup>92</sup> Basha is the exclusive distributor of baby shoe pendants manufactured by an Italian jewelry designer.<sup>93</sup> In 1996, Basha obtained a copyright registration for the baby shoe pendants (Pendants).<sup>94</sup> As part of the application, Basha deposited a photographic advertisement depicting twelve different versions of the Pendants.<sup>95</sup>

Behnam Jewelry Corp. (Behnam) manufactures and distributes jewelry, including baby shoe pendants, at the wholesale level.<sup>96</sup> In 1997, Behnam received a letter from Basha demanding that Behnam cease and desist marketing baby shoe pendants.<sup>97</sup> Behnam sought a declaratory determination that, among other things, Basha's copyright registration for the Pendants was invalid.<sup>98</sup> In particular, Behnam asserted that because Basha sold variations of the Pendants separately, the Pendants were not a single work and therefore not eligible for single registration under the provisions for the single registration of multiple works.<sup>99</sup>

\*327 Section 408(c) of the Copyright Act of 1976 permits the registration of multiple related works in a single copyright application.<sup>100</sup> "Single registration of multiple works was established in the 1976 Amendment to Section 408(c) in order to encourage authors to seek copyright registration."<sup>101</sup> The House Report to the 1976 Amendment states:

The provision empowering the Register to allow a number of related works to be registered together as a group represents a needed and important liberalization of law now in effect. At present the requirement for separate registrations where *related works or parts of a work* are published separately has created administrative problems and has resulted in unnecessary burdens and expenses on authors and other copyright owners. In a number of cases the technical necessity for separate applications and fees has caused copyright owners to forego copyright altogether. Examples of cases where these undesirable and unnecessary results could be avoided by allowing a single registration include ... a group of related jewelry designs ...<sup>102</sup>

However, the regulation governing single registration states in relevant part:

For the purpose of registration on a single application and upon payment of a single registration fee, the following shall be considered a single work: (A) In the case of published works: All copyrightable elements that are otherwise recognizable as self-contained works, that are included in a *single unit of publication*, and in which the copyright claimant is the same ...<sup>103</sup>

The court held that the language in the legislative history of Section 408(c) indicates "that the only requirement for a single registration of multiple works is relatedness."<sup>104</sup> Neither the legislative history or case law indicate that the "single unit of publication language" of 37 C.F.R. § 202.3 constitutes an additional condition upon a valid registration.<sup>105</sup>

The court held that the Pendants are "variations on the same basic design: they are related by size, shape, proportion, use of bows or straps, and ornamentation with diamonds or French enamel."<sup>106</sup> As such, the court concluded that the Pendants \*328 satisfied the relatedness requirement of Section 408(c), and were eligible for a single registration.<sup>107</sup>

Behnam also asserted that some of the Pendants were not covered by the copyright registration because the photograph deposited with the application only included twelve versions of the Pendants.<sup>108</sup> Under Section 407(a) of the Copyright Act, a copyright owner must submit "two complete copies of the best edition" of the work within three months of publication.<sup>109</sup> Failure to deposit a complete copy of the work, however, does not forfeit copyright protection.<sup>110</sup> "[E]rrors contained in a copyright registration, if committed without deceptive intent, are harmless and do not invalidate the copyright."<sup>111</sup> Thus, Basha's copyright in the pendants omitted from the deposited photograph was valid, and Basha had standing to bring the action with respect to all of the Pendants based upon a deposit prior to the filing of the suit.<sup>112</sup>

## **B. Notice Requirement for Advertisements in Collective Works**

In a troubling opinion, the Tenth Circuit held in *Trans Western Publishing Co. LP v. Multimedia Marketing Associates, Inc.*<sup>113</sup> that Section 404(a) of the Copyright Act of 1976<sup>114</sup> requires advertisements in collective works to include copyright notices to be protectable.<sup>115</sup> This holding is troubling because the court's interpretation of Section 404(a) runs counter to the Berne Convention, which supports non-mandatory notice.<sup>116</sup>

TransWestern Publishing Company (TransWestern) published a telephone directory that included white and yellow pages for Ponca City, Oklahoma and \*329 seventeen surrounding communities.<sup>117</sup> TransWestern obtained a copyright registration for its directory, but not for the individual advertisements within the directory.<sup>118</sup> Multimedia Marketing Associates, Inc. (MMA) published a competing telephone directory that contained white and yellow pages for Ponca City and seven surrounding

communities.<sup>119</sup> TransWestern alleged that MMA copied advertisements from the yellow pages of its directory,<sup>120</sup> and obtained a preliminary injunction that prohibited the distribution of MMA's directory.<sup>121</sup> The district court, however, denied a permanent injunction finding that as a matter of law the copied advertisements either were not original to TransWestern or were not substantially similar to the copyrighted advertisements.<sup>122</sup> TransWestern appealed the denial of the permanent injunction.<sup>123</sup>

The Tenth Circuit affirmed the district court's decision on three alternate grounds. First, the Tenth Circuit found that TransWestern's directory was not infringed by MMA's competing directory.<sup>124</sup> In so finding, the court determined that the directory was a compilation and compared the works as a whole.<sup>125</sup> The second ground for affirmation was based on TransWestern's failure to produce sufficient evidence to support the allegation that MMA's advertisements were substantially similar to TransWestern's advertisements.<sup>126</sup> Lastly, the Tenth Circuit held that the advertisements in question were unprotected because they did not include a copyright notice separate from the copyright notice of the directory.<sup>127</sup>

Of the three alternate grounds on which the Tenth Circuit relied, the second ground--insufficient evidence to support substantial similarity--is well founded and sufficient to support the Tenth Circuit's affirmation of the district court's decision. The first and third grounds, however, create questionable precedent. First, despite the fact that TransWestern alleges infringement of several apparently separately \*330 copyrightable advertisements from the directory, the Tenth Circuit analyzed the similarities between the directories as a whole, rather than the similarities between the advertisements.<sup>128</sup> This analysis led the court to conclude that even if "numerous" ads in its directory have been copied to defendant's directory," the differences between the directories as a whole negate a finding of copyright infringement.<sup>129</sup> The analysis seems to negate copyright protection to original works that are included in larger works if the larger work itself is not copied. For example, a poem in a large collection of poems may be copied by another collection of poems if the latter collection, as a whole, is dissimilar to the original collection. Lastly, and most troubling, the Tenth Circuit erroneously interpreted Section 404(a) of the Copyright Act<sup>130</sup> as requiring mandatory copyright notices on advertisements within collective works.<sup>131</sup> This interpretation is contrary to the clear language of the statute<sup>132</sup> and the spirit of Berne-era copyright law.<sup>133</sup>

The Tenth Circuit first addressed whether TransWestern established copyright infringement of the works as a whole.<sup>134</sup> The court assumed that TransWestern's copyright on the directory was valid and turned to whether MMA copied original elements of the work.<sup>135</sup> The court noted that although MMA denied "appropriating component elements of [the] plaintiff's publication, strong similarities exist between some of [the] plaintiff's and [the] defendants' ads."<sup>136</sup> Although TransWestern alleged infringement of several advertisements from the directory,<sup>137</sup> the Tenth Circuit analyzed the similarities between the directories as a whole.<sup>138</sup> The court concluded that TransWestern's directory was primarily a compilation of facts, and noted that compilations are given thin protection and require "supersubstantial" similarity to find copying.<sup>139</sup> The Tenth Circuit pointed out several differences \*331 between "the respective directories."<sup>140</sup> For example, the directories were different sizes; had different colored covers; had different advertisements on the covers; had format, layout and content variances between the directories; and represented different geographic areas.<sup>141</sup> Based on its analysis of the similarities between the directories, the court held that:

Even excepting as true [the] plaintiff's contention that "numerous" ads in its directory have been copied to [the] defendants' directory, no one would mistake [the] defendants' directory for that of the plaintiff. Thus, at a thin level of comparison of the compilation "as a whole" the district court's finding of no infringement must be affirmed.<sup>142</sup>

This result demonstrates the principle that "where you start determines where you end." The Tenth Circuit started by analyzing the works as a whole and correctly pointed out that there were significant differences between the works.<sup>143</sup> The court apparently concluded that even if the advertisements were copied, this copying was de minimis.<sup>144</sup> TransWestern, however, did not allege that the directory itself was copied.<sup>145</sup> Instead, TransWestern alleged that particular advertisements contained within the directory were copied.<sup>146</sup> If the advertisements embodied sufficient originality, they were original works of authorship entitled to individual copyright protection.<sup>147</sup> In a concurring opinion, Judge Briscoe opined that the similarities between the directories as a whole were irrelevant in deciding whether advertisements within the directory were copied.<sup>148</sup>

In the court's next basis for affirmation, it analyzed the similarities of the advertisements, and found that TransWestern failed to meet its burden of proof in establishing that MMA had copied original contributions to the advertisements.<sup>149</sup> TransWestern presented evidence that it both arranged and designed the advertisements and selected the size and style of the print used in the \*332 advertisements.<sup>150</sup> TransWestern, however, failed to include the originals and alleged copies of the advertisements so the court could compare the similarity of TransWestern's original contributions in the advertisements to the allegedly

infringing advertisements.<sup>151</sup> Thus, the evidence failed to support the allegation of copying.<sup>152</sup> This conclusion was sufficient to affirm the district court's decision, but the court did not stop there.

The Tenth Circuit erroneously interpreted Section 404(a) of the Copyright Act when it attempted to establish its third ground for affirming the denial of a permanent injunction. The court acknowledged that TransWestern asserted infringement of the individual advertisements and concluded that TransWestern "appears to argue that the ads should not be treated as fact compilations but as unique creations."<sup>153</sup> Because each advertisement was a separate creation, the directory was a collective work.<sup>154</sup> The court then interpreted Section 404(a) as requiring separate notices on advertisements within a collective work.<sup>155</sup> In other words, advertisements within a collective work that do not include separate copyright notices are unprotectable.<sup>156</sup>

In analyzing Section 404(a), the court relied on *Canfield v. Ponchatoula Times*,<sup>157</sup> which was decided prior to the Berne Convention Implementation Act of 1988.<sup>158</sup> In *Canfield*, a newspaper included a copyright notice, but an advertisement within the newspaper was not separately noticed.<sup>159</sup> The Fifth Circuit held that Section 404(a) dictated that the copyright notice on the newspaper, a collective work, was not sufficient to provide notice for the advertisement.<sup>160</sup> Prior to the Berne Convention, works published without notice were forfeited to the public domain.<sup>161</sup> Because *Canfield* was a pre-Berne Convention decision, the Fifth Circuit \*333 held that the unnoticed advertisements were unprotectable.<sup>162</sup> *Canfield* correctly interpreted the law as it stood in 1985, although under current law, notice is not mandatory and is not a requirement for protection.<sup>163</sup>

In the present case, the Tenth Circuit correctly concluded that Section 404(a) dictated that the copyright notice of the directory was not sufficient to provide notice for the advertisements within the directory.<sup>164</sup> The court, however, went one step further and concluded that the lack of notice on the advertisements injected the advertisements into the public domain.<sup>165</sup> This conclusion is contrary to the plain language of Section 404(a) and the spirit of Berne-era copyright law.

Section 404(a) provides:

A separate contribution to a collective work may bear its own notice of copyright . . . . However, a single notice applicable to the collective work as a whole is sufficient to invoke the provisions of section 401(d) or 402(d), as applicable with respect to the separate contributions it contains (not including advertisements inserted on behalf of persons other than the owner of the copyright in the collective work) . . . .<sup>166</sup>

A fair reading of Section 404(a) indicates that an advertisement in a collective work may bear a separate copyright notice; however, if the advertisement does not include a separate copyright notice, then the advertisement is not entitled to the protections of Sections 401(d) or 402(d).<sup>167</sup> Under Sections 401(d) and 402(d), if a work is properly noticed, then no weight is given to a defense based on innocent infringement.<sup>168</sup> Accordingly, when Sections 404(a), 401(d), and 402(d) are read together, Section 404(a) provides that advertisements within collective works that are not separately noticed are subject to a defense based on innocent infringement.<sup>169</sup> \*334 The Tenth Circuit somehow read these sections as negating copyright protection when separate notice on an advertisement in a collective work is omitted.<sup>170</sup>

The court correctly stated that a notice on a collective work "invokes the protections of sections 401(d) and 402(d) with respect to separate contributions but not as to advertisements inserted by someone other than the copyright owner."<sup>171</sup> The Tenth Circuit further held that TransWestern "cannot use this provision to *gain protection* for the third party ads through the existence of a copyright notice for the overall collective work."<sup>172</sup> The error of the Tenth Circuit's analysis is apparent from the statement that TransWestern must rely on "this provision to gain protection" for unnoticed advertisements. TransWestern need not rely on Sections 404(a), 401(d), and 402(d) to gain protection for the advertisements. Protection is granted to original works of authorship regardless of notice.<sup>173</sup> Contributions to collective works lacking notice--whether advertisements or not--do not rely on Sections 404(a), 401(d), and 402(d) to grant protection.<sup>174</sup> These provisions may negate the defense of innocent infringement, but that do not grant protection. Accordingly, the fact that advertisements are excluded from Section 404(a) does not effect the protectability of those advertisements.

In the post Berne-era, notice is a carrot rather than a stick.<sup>175</sup> The Copyright Act provides incentives for including copyright notice rather than penalties for not including copyright notice.<sup>176</sup> Contrary to the Tenth Circuit's analysis, Sections 404(a), 401(d), and 402(d) entice copyright owners to include notice by negating the defense of innocent infringement if the work is properly noticed.<sup>177</sup> TransWestern was not encouraged to include notice. Thus, the advertisements were not entitled to the available incentives--namely, negation of the defense of innocent infringement--although the advertisements were not rendered unprotectable for the omission.

**\*335** The Copyright Act was amended in 1988 to codify the provisions of the Berne Convention, which included non-mandatory notice requirements.<sup>178</sup> Although loopholes may exist in the Copyright Act,<sup>179</sup> the spirit of the law is to eliminate mandatory notice requirements. The Tenth Circuit's conclusion that TransWestern's advertisements are unprotectable for want of notice runs counter to the plain language of the statute and counter to the spirit of Berne-era copyright law.

### III. Infringement

#### A. Inferring Access from Striking Similarity

In *Ty, Inc. v. GMA Accessories, Inc.*,<sup>180</sup> the Seventh Circuit, in the context of affirming a preliminary injunction, clarified its position originally set forth in *Selle v. Gibb*<sup>181</sup> on the proof necessary to establish an inference of access based on striking similarity.<sup>182</sup> The Seventh Circuit held that access may be inferred without evidence other than the similarity of the works when the works are strikingly similar to each other *and* dissimilar from anything in the public domain.<sup>183</sup>

The works at issue in this case were toy animals, or more particularly, bean-bag pigs.<sup>184</sup> Ty, Inc. (Ty) is the manufacturer of the immensely popular "Beanie Babies" line of toy animals.<sup>185</sup> One of Ty's bean-bag animals is a pig called "Squealer."<sup>186</sup> Ty began selling Squealer in 1993.<sup>187</sup> Three years later, GMA Accessories, Inc. (GMA) introduced a competing line of bean-bag animals, including a pig called "Preston."<sup>188</sup> Preston was so similar to Squealer that **\*336** substantial similarity between the works was apparent based on observation alone.<sup>189</sup> Accordingly, infringement turned on whether GMA copied Squealer.<sup>190</sup>

The Seventh Circuit previously addressed the issue of inferring access from striking similarity in the often cited *Selle v. Gibb*.<sup>191</sup> In *Selle*, the Seventh Circuit affirmed a judgment notwithstanding the verdict for the defendant despite the plaintiff's uncontested evidence of striking similarity.<sup>192</sup> In contrast to other circuits,<sup>193</sup> *Selle* appears to require some evidence of access no matter how similar the works.<sup>194</sup>

In this case, Judge Posner clarified the Seventh Circuit's position in regard to inferring access from striking similarity.<sup>195</sup> The Seventh Circuit held that a plaintiff must produce some evidence of access, but a similarity of works "that is so close as to be highly unlikely to have been an accident of independent creation is evidence of access."<sup>196</sup> The court contested the assertion that the decision in *Selle* required evidence beyond striking similarity of the works in all cases.<sup>197</sup> Instead, the court held that access does not need to be addressed separately when the works are "so similar to each other and not to anything in the public domain that it is likely that the creator of the second work copied the first."<sup>198</sup>

**\*337** What distinguishes this case from *Selle* is that the works in *Selle* were not only similar to each other, but also similar to works in the public domain.<sup>199</sup> Thus, the similarity between the works created no more of an inference of access to the copyrighted work than it created an inference of access to the public domain.<sup>200</sup> "A similarity may be striking without being suspicious."<sup>201</sup> In *Ty*, the works were not similar to anything in the public domain.<sup>202</sup> The works bore "little resemblance to real pigs" and nothing in the record showed that the works were similar to other pigs in the public domain, e.g., animated pigs or other toy pigs.<sup>203</sup> Because the works were strikingly similar to each other *and* dissimilar from anything in the public domain, access--and in this case copying--may be inferred *without* other evidence of access.<sup>204</sup>

To rebut the inference of access, GMA submitted evidence of independent creation in the form of an affidavit from the designer of Preston.<sup>205</sup> The designer averred that she had never seen Squealer prior to designing Preston.<sup>206</sup> Preston, however, differed significantly from the original design submitted by the designer.<sup>207</sup> Preston "is much more like Squealer than [the designer's] drawing is."<sup>208</sup> Accordingly, the affidavit might have established the independent creation of the original design, but it did not establish the independent creation of the infringing work.<sup>209</sup> "Preston resembles only Squealer, and resembles him so closely as to warrant an inference that GMA copied Squealer."<sup>210</sup>

The Seventh Circuit then addressed the question of the irreparable harm to Ty, and rejected GMA's argument that Ty's commercial license with McDonald's to give away miniature versions of the Beanie Babies precludes a finding of irreparable **\*338** harm.<sup>211</sup> The McDonald's license was promotional, involved miniature reproductions of Beanie Babies, and did not include Squealer.<sup>212</sup> "The existence of such a license, unlike a general license offered to all comers, does not demonstrate a decision to relinquish all control over the distribution of the product in exchange for a readily computable fee."<sup>213</sup> In reality,



Ty attempted to limit the distribution of Beanie Babies to create a higher demand for the products.<sup>214</sup> This strategy is evident in the secondary market for the product, which recently brought \$2,200 for a Beanie Baby elephant.<sup>215</sup> Because Ty showed a likelihood of success on the merits and irreparable harm, the Seventh Circuit affirmed the preliminary injunction.<sup>216</sup>

The Second Circuit, in *Repp v. Lloyd Webber*,<sup>217</sup> examined the proof required to establish striking similarity in a summary judgment motion.<sup>218</sup> Repp, a professional composer and performer of liturgical music, alleged that Lloyd Webber's 1984 composition *Phantom Song* from *The Phantom of the Opera* copied Repp's 1978 composition *Till You*.<sup>219</sup> Lloyd Webber, a successful composer with a number of musicals to his credit, including *Cats* and *Evita*, denied any copying and counterclaimed that *Till You* copied a song entitled *Close Every Door*, from Lloyd Webber's 1968 choral work *Joseph and the Amazing Technicolor Dreamcoat*.<sup>220</sup>

After the conclusion of discovery, Lloyd Webber moved for summary judgment. Lloyd Webber included two declarations with his motion, one from himself and one from his wife, who was present when he wrote *Phantom Song*. Both declarants averred that they had never heard of Repp or his music prior to this case.<sup>221</sup> Lloyd Webber also included affidavits from an expert musicologist stating that *Phantom Song* was derived from other Lloyd Webber works and that there was \*339 greater similarity between *Till You* and *Close Every Door* than *Till You* and *Phantom Song*.<sup>222</sup>

Repp responded with the reports and affidavits of two experts who concluded that there was "no doubt about the similarity" and that *Till You* and *Phantom Song* were so strikingly similar "as to preclude separate creation."<sup>223</sup>

The district court granted Lloyd Webber's motion for summary judgment based on Repp's failure to prove access to *Till You*.<sup>224</sup> The court rejected Repp's contention that *Till You* was so strikingly similar to the *Phantom Song* as to preclude the possibility of independent creation and to permit an inference of access,<sup>225</sup> and Repp failed to submit evidence contradicting Lloyd Webber's proof of independent creation.<sup>226</sup> The district court based its opinion upon an "aural examination" of the two songs and consideration of the expert testimony from both parties.<sup>227</sup>

After disposing of Repp's claims, a five-day bench trial ensued over Lloyd Webber's counterclaims of copyright infringement by Repp.<sup>228</sup> At the conclusion of the trial, the district court ruled in favor of Repp, finding no access and no copying on Repp's part.<sup>229</sup>

Both parties appealed to the Second Circuit, who affirmed the district court's decision regarding Lloyd Webber's counterclaims and reversed the district court's grant of summary judgment against Repp's claims.<sup>230</sup> The appellate court reasoned that the district court overstepped its bounds in deciding the summary judgment motion. The Second Circuit held that Repp introduced sufficient evidence in the form of expert opinions to create a genuine issue of material fact as to whether *Till You* and *Phantom Song* were strikingly similar.<sup>231</sup> The Second Circuit noted that \*340 striking similarity was a question for the factfinder,<sup>232</sup> and held that the district court erroneously weighed the evidence at the summary judgment stage by rejecting Repp's experts in favor of its own aural examination.<sup>233</sup> The case was remanded so the factfinder could weigh the evidence of striking similarity and determine whether Lloyd Webber's evidence of independent creation is sufficient to overcome any inference of access based on striking similarity.<sup>234</sup>

## **B. Importation-Gray Market Goods**

The Supreme Court destroyed American manufacturers' last bastion of hope for stemming the flow of gray market imports in *Quality King Distributors, Inc. v. L'anza Research International, Inc.*<sup>235</sup> The Supreme Court held that the first sale defense embodied in Section 109(a) of the Copyright Act bars an action under Section 602(a) involving the exportation and re-importation into the United States of copyrighted goods originally manufactured in the United States.<sup>236</sup>

The *Quality King* decision is significant to the issue of "gray market" imports. Section 602(a) provides that the unauthorized importation of copies or phonorecords of a work that have been acquired outside the United States constitutes an infringement of the distribution right.<sup>237</sup> "The importation right can prove potent for manufacturers of a wide array of goods. A multi-billion dollar industry has emerged around the parallel importation of foreign manufactured merchandise bearing United States trademarks."<sup>238</sup> This "gray market" hurts American trademark owners because they cannot reap the exclusive benefit of the United States market for their marks.<sup>239</sup> Trademark law, which seemed to offer the best chance to prevent the imports, has proven much less potent than trademark owners had hoped.<sup>240</sup> However, given that a great number of manufactured goods incorporate labels, designs, instruction sheets, or other materials that are subject to copyright protection,

\***341** Section 602(a), which bars the importation of certain copyrighted works, frequently reached gray market importation.<sup>241</sup>

The plaintiff in this case, L'anza, owned copyrights for packaging labels, including certain hair care products that it manufactured and distributed to vendors in the United States and abroad.<sup>242</sup> Foreign inventors paid approximately 40% less for L'anza products because they did not directly receive the benefits of the extensive advertising conducted by L'anza within the United States.<sup>243</sup>

The defendant, Quality King, purchased some of the labeled products from one of L'anza's foreign distributors, who was only authorized to distribute the products outside the United States.<sup>244</sup> Quality King then re-imported the products into the United States for subsequent sale.<sup>245</sup> The district court concluded that the re-importation and sale of the L'anza products violated Section 602(a), and that the first sale doctrine embodied in Section 109(a) did not apply as a defense.<sup>246</sup> On appeal, the Ninth Circuit upheld the district court's decision, reasoning that Section 602(a) would be rendered meaningless if Section 109(a) were found to supersede the prohibition of importation.<sup>247</sup>

The Supreme Court reversed the Ninth Circuit's holding based on a literal interpretation of Section 602(a).<sup>248</sup> Section 602(a), in relevant part, provides:

Importation into the United States, without the authority of the owner of copyright under this title, of copies or phonorecords of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies or phonorecords under section 106, actionable under section 501.<sup>249</sup>

Section 602(a) does not explicitly prohibit the importation of copyrighted materials.<sup>250</sup> Rather, it provides that importation violates the exclusive right to \***342** distribute under Section 106.<sup>251</sup> Accordingly, if a distribution is not a violation of Section 106, the distribution is not a violation of Section 602(a) either.<sup>252</sup>

Section 106 explicitly provides that the copyright owner's exclusive rights are subject to the limitations of Sections 107 through 120 of the Copyright Act.<sup>253</sup> More particularly, the copyright owner's exclusive right to distribute under Section 106(3) is subject to the first sale defense embodied in Section 109(a).<sup>254</sup> The first sale defense provides that an owner of a lawful copy of a work is entitled to sell or otherwise dispose of that copy without the authority of the copyright owner.<sup>255</sup> Section 109(a) explicitly indicates that the first sale defense is effective notwithstanding the provisions of Section 106(3).<sup>256</sup> Because Quality King is the lawful owner of the products and labels which it imported under the first sale defense, the importation is not a violation of L'anza's exclusive right to distribute, and therefore not a violation of Section 602(a).<sup>257</sup> “[T]he literal text of section 602(a) is simply inapplicable to both domestic and foreign owners of L'anza's products who decide to import them and resell them in United States.”<sup>258</sup>

The Supreme Court then addressed L'anza's argument that unless the rights granted under Section 602(a) are interpreted as being distinct from the rights under Section 106(3), Section 602(a) is redundant as to Section 602(b).<sup>259</sup> Section 602(b) prohibits the importation of unauthorized or “piratical” copies.<sup>260</sup> L'anza argues that Section 602(a) “is superfluous unless it covers non-piratical (‘lawfully made’) copies sold by the copyright owner, because importation nearly always implies a first sale.”<sup>261</sup> The Supreme Court rejected this argument, citing several instances covered \***343** by Section 602(a), but not by Section 602(b).<sup>262</sup> First, Section 602(a) provides a private remedy while the government is given the authority to enforce Section 602(b).<sup>263</sup> Second, Section 602(a) prohibits the importation of lawfully made copies by persons other than the copyright owner.<sup>264</sup> The first sale doctrine is only applicable to the copyright owner.<sup>265</sup> Thus, importation of lawfully made copies by “any non-owner such as a bailee, a licensee, a consignee, or one whose possession of the copy is unlawful” is covered by Section 602(a).<sup>266</sup> Lastly, Section 602(a) applies to copies that are lawfully made under the laws of another country.<sup>267</sup> The first sale doctrine is only applicable to copies lawfully made under the laws of the United States.<sup>268</sup> Because Section 602(a) is broader in some respects than Section 602(b), the Supreme Court's interpretation of Section 602(a) did not render Section 602(a) superfluous.<sup>269</sup>

L'anza additionally argued that Section 501 indicates that violations of Section 106 are distinct from violations of Section 602.<sup>270</sup> Section 501 provides in relevant part:

Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 118, or of the author as provided in section 106A(a), or imports copies or phonorecords in the United States in violation of section 602, is an infringer of the copyright or right of the author, as the case may be.<sup>271</sup>

The Supreme Court acknowledged that the language of Section 501 “is more consistent with an interpretation that a violation of section 602 is distinct from a violation of section 106 (and thus not subject to the first sale doctrine set out in section 109(a)) than with the view that it is a species of such a violation.”<sup>272</sup> The \*344 Court held, however, that the language of Section 501 is not sufficient to overcome the clear and unambiguous language of Section 602(a).<sup>273</sup> More importantly, the Supreme Court held that such a reading of Section 501 would exempt Section 602 from not only the first sale defense, but all the limitations embodied in Sections 107 through 120.<sup>274</sup> For example, the fair use defense, embodied in Section 107, would be inapplicable to importers. Thus, “it presumably would be unlawful for a distributor to import copies of a British newspaper that contained a book review quoting excerpts from an American novel protected by a United States copyright.”<sup>275</sup> Eliminating the fair use defense may have the effect of chilling the importation of works containing material copyrighted under United States law.<sup>276</sup> The court noted that the primary function of copyright law is to protect original works of authorship rather than commercial products that include copyrighted labels, and opined that the construction of Section 602 urged by L’anza would inhibit access to ideas with little “countervailing benefit.”<sup>277</sup>

Lastly, the Supreme Court addressed an argument made by the Solicitor General in an amicus curiae brief.<sup>278</sup> The Supreme Court rejected the Solicitor General’s argument that the act of importation is not a “sale” or “disposal” of a copy as set forth in Section 109(a).<sup>279</sup> The Court held that the ordinary interpretation of sale or disposal includes the right to ship the product to another country.<sup>280</sup> Additionally, the narrow reading urged by the Solicitor General ran counter to the broad reach of Section 109(a) and Section 602(a)’s “more flexible treatment of unauthorized importation as an infringement of the distribution right (even when there is no literal ‘distribution’).”<sup>281</sup>

In regard to the policy considerations of protecting domestic copyright owners from parallel importation, the Supreme Court stated that such considerations were secondary to the Court’s duty to interpret the statutes.<sup>282</sup>

### **\*345 C. Substantial Similarity**

In *Chase-Riboud v. Dreamworks Inc.*,<sup>283</sup> a preliminary injunction barring the release of the motion picture *Amistad* was denied.<sup>284</sup> The plaintiff, Chase-Riboud, authored a historical novel *Echo of Lions* (Novel) based upon the story of the slave ship *Amistad*.<sup>285</sup> The Novel was first published in 1989 and has sold over 500,000 copies.<sup>286</sup> In 1993, Chase-Riboud optioned the motion picture rights of the Novel to a production company, which pitched it to major studios, including Steven Spielberg’s production company Amblin Entertainment.<sup>287</sup> In 1996, Dreamworks, which is also affiliated with Spielberg, announced its plans to produce the film *Amistad* (Film) with Spielberg as the director.<sup>288</sup> Chase-Riboud then filed suit, alleging copyright infringement, and requested a preliminary injunction to prevent the release of the Film.<sup>289</sup>

The factors to be examined by the court before issuing a preliminary injunction include the following: i) whether the moving party will suffer irreparable harm if the motion is denied; ii) whether the moving party is likely to prevail on the merits; iii) whether the balance of potential harm favors the movant; and iv) whether the public interest supports a grant of relief.<sup>290</sup>

Because the validity of Chase-Riboud’s copyright for the Novel and Dreamworks’ access to the Novel were undisputed, the determinative factor was the likelihood that Chase-Riboud would succeed on the merits at trial on the issue of substantial similarity.<sup>291</sup> For this determination, the court applied the Ninth Circuit’s two-part test for substantial similarity.<sup>292</sup> The first part, the “extrinsic” test, objectively considers whether there are substantial similarities in both ideas and expression.<sup>293</sup> The second part, the “intrinsic” test, is more subjective and looks for \*346 substantial similarity in the “total concept and feel” of the two works.<sup>294</sup> The intrinsic test asks whether an “ordinary reasonable person” would perceive a substantial taking of protected expression.<sup>295</sup>

Chase-Riboud claimed there were a number of similarities between the Novel and the Film that constituted copying of protected expression.<sup>296</sup> For example, Chase-Riboud argued that the characters Theodore Joadson (from the Film) and Henry Braithwaite (from the Novel) have the same characteristics and serve the same plot function in both works.<sup>297</sup> In particular, both characters: i) linked the black and white communities and connected Black America and Africa; ii) provided a contemporary black voice to the *Amistad* tale; iii) belonged to the abolitionist movement; and iv) printed abolitionist pamphlets.<sup>298</sup> Chase-Riboud also maintained that of the hundreds of black abolitionists in New England during that time, none played a role in the *Amistad* matter comparable to that portrayed by the Joadson and Braithwaite characters.<sup>299</sup> The court, however, noted that characters must be “especially distinctive” before they are allowed copyright protection.<sup>300</sup> The court held that the “general skeleton (defined by function)” of the Braithwaite character was insufficient to be considered especially

distinctive and therefore the Braithwaite character could not be protected by copyright law.<sup>301</sup> In other words, using a black abolitionist as a voice or link between communities is an idea, not protectable expression.<sup>302</sup>

The court then noted the difference between the protectable expression of the Braithwaite and Joadson characters.<sup>303</sup> The Braithwaite character is a wealthy land owner from an affluent family.<sup>304</sup> In contrast, the Joadson character is a runaway slave.<sup>305</sup> Joadson actively assisted in the defense of the Africans while Braithwaite \*347 did not.<sup>306</sup> Further, no evidence was presented that any of Joadson's dialogue was copied.<sup>307</sup> While the court found Braithwaite to be a "rich and fully developed character," the court nevertheless held that there were enough differences in the protectable expression of the characters to prevent a finding of likelihood of substantial similarity.<sup>308</sup>

Chase-Riboud also highlighted other similarities between the Novel and the Film. For example, Chase-Riboud asserted that the Novel and the Film portray the character Cinque as understanding the legal proceedings and assisting in his defense, whereas historical accounts reflect that he did not comprehend the legal proceedings and did not materially contribute to his defense.<sup>309</sup> Dreamworks countered by arguing that the Film faithfully presented Cinque as he existed in history.<sup>310</sup> The district court found that there was not enough evidence at the pre-trial stage to define compellingly the historical Cinque.<sup>311</sup> Thus, Chase-Riboud had not met her burden of establishing a probability of success in regard to the alleged similarities between the Cinque characters.<sup>312</sup>

Chase-Riboud further argued that the Novel was the first to depict this story from the civil rights point of view.<sup>313</sup> Dreamworks countered by noting that the Film deals with legal issues as they actually existed in history.<sup>314</sup> Once again, the court found a factual dispute and could not find a probability of success on the merits based upon this alleged similarity.<sup>315</sup>

Chase-Riboud noted that the original title of the Film was *The Other Lion*, which she contended was proof of copying.<sup>316</sup> However, the court found this similarity was of little value in determining whether the two works were \*348 substantially similar.<sup>317</sup> The court noted in particular that titles may not claim statutory copyright protection.<sup>318</sup>

Chase-Riboud argued that there were other similarities, including the destruction of slave colonies in both works, the character Covey's nearly perfect spoken English in both works, Cinque's one child in both works, and the tying of the ending of both works to the Civil War.<sup>319</sup> In each instance, however, the court noted differences between the protectable expression in the Novel and the Film.<sup>320</sup> As a result, the court found that Chase-Riboud had failed to demonstrate a probability of success on the merits.<sup>321</sup>

Chase-Riboud also attempted to show that denial of a preliminary injunction would result in irreparable injury because it would deprive her of the opportunity to receive credit for raising public consciousness about slavery.<sup>322</sup> The court disagreed, noting that distribution of the Novel has already given her such recognition.<sup>323</sup>

The court, however, did find that Chase-Riboud had raised serious questions that went to the merits of her case.<sup>324</sup> In so finding, the court left open the possibility that it would grant the injunction if Chase-Riboud could establish that the balance of hardships tilted sharply in her favor.<sup>325</sup> However, Chase-Riboud's argument that Dreamworks had "virtually destroyed the market for film rights to [her] novel"<sup>326</sup> paled in light of Dreamworks' evidence that it had invested approximately \$70-75 million in the Film.<sup>327</sup> On this basis, the court declined to find that the balance of hardships tipped sharply in Chase-Riboud's favor.<sup>328</sup> Thus, the court denied Chase-Riboud's motion for a preliminary injunction.<sup>329</sup>

## **\*349 IV. Licensing**

### **A. Oral License**

The Fifth Circuit, in *Lulirama Ltd. v. Access Broadcast Services, Inc.*,<sup>330</sup> examined the issue of whether a nonexclusive license to use advertising jingles is created by an oral agreement to extend the term of a writing that purports to convey ownership of the jingles.<sup>331</sup> In November 1991, Lulirama entered into a one-year agreement (Jingle Writing Agreement) to provide Access Broadcast Services (Access) with fifty jingles for sale to Access' clients.<sup>332</sup> The Jingle Writing Agreement was orally extended by the parties in March 1993 for an indefinite period of time and was terminated in June 1994.<sup>333</sup> In 1992, the parties had entered into a second written agreement (Promotional License Agreement), which gave Access the right to use musical works in which Lulirama could "claim ownership or other right, title or interest, whatsoever."<sup>334</sup>

Although Access timely paid Lulirama \$37,500 under the original term of the Jingle Writing Agreement, Access received only seven jingles.<sup>335</sup> Under the oral extension of the Jingle Writing Agreement from March 1993 to June 1994, Access paid monthly installments totaling \$66,658, but received only twenty-nine jingles, which was less than it should have received for the compensation paid.<sup>336</sup> After Access sued Lulirama in Texas state court for breach of contract, Lulirama sued Access in federal district court claiming copyright infringement.<sup>337</sup> The federal district court granted summary judgment to Access, holding that the first seven jingles were works for hire and that Access thereby owned the copyrights.<sup>338</sup> The federal district court further held that Lulirama owned the copyrights in the twenty-nine subsequent jingles because the oral extension of the Jingle Writing Agreement \*350 did not satisfy the writing requirement for a work for hire agreement, but Access had an oral or implied license to use the twenty-nine jingles.<sup>339</sup>

As to the twenty-nine jingles, Lulirama contended that the legal insufficiency of the oral extension of the Jingle Writing Agreement not only resulted in the failure of the agreement to convey ownership of the jingles as works for hire, but also precluded an oral or implied nonexclusive license to use the jingles.<sup>340</sup> Lulirama presented several arguments in support of its contention. The Fifth Circuit rejected all of Lulirama's arguments.<sup>341</sup>

Lulirama argued first that the parties intended for Access to obtain full ownership to the jingles as works for hire and that, because the Jingle Writing Agreement could not be extended without a signed writing,<sup>342</sup> the agreement was also ineffective to grant a license to the jingles.<sup>343</sup> The Fifth Circuit rejected this argument, stating that:

It would be quite anomalous to allow Lulirama, which admittedly intended by the Jingle Writing Agreement to convey to Access a bundle of rights including all of the exclusive rights of copyright ownership, to complain that the intent of the parties to the agreement was frustrated by the district court's conclusion that Lulirama conveyed by implication a *smaller* bundle of rights.<sup>344</sup>

Lulirama next argued that the existence of the Promotional License Agreement precluded a nonexclusive license because, where there is an express agreement covering the subject matter, there can be no implied agreement.<sup>345</sup> The court noted that the Promotional License Agreement conveyed "a very limited right to *use* all works in which Lulirama could claim an ownership interest," while the Jingle Writing Agreement conveyed the right to *sell* and *distribute* jingles pursuant to the \*351 agreement.<sup>346</sup> To the extent that the two agreements involved distinct rights, the Fifth Circuit concluded that the Promotional License Agreement did not cover the same matter and did not thereby preclude the nonexclusive license.<sup>347</sup>

Lulirama also argued that: i) the district court's finding of a nonexclusive license circumvented the statutory embodiment of the work for hire doctrine; ii) Access' use of the jingles overstepped the bounds of the nonexclusive license; and iii) Lulirama revoked the nonexclusive license by filing suit against Access.<sup>348</sup> As to circumvention of the statutory requirements of the work for hire doctrine, the Fifth Circuit noted that Access had obtained a nonexclusive license pursuant to the Jingle Writing Agreement, but did not receive ownership, and therefore had not circumvented the statute.<sup>349</sup> As to the bounds of the license, the court pointed out that the parties intended to grant Access the right to take any action consistent with copyright ownership, including the actions which formed the basis of Lulirama's infringement claims.<sup>350</sup> Therefore, Access therefore had not overstepped the bounds of the nonexclusive license.<sup>351</sup> As to the revocation of the nonexclusive license, the court stated that the right to terminate the license by filing suit is "tantamount to an argument that it had a unilateral right of recession without notice," which would render Lulirama's obligation under the agreement illusory.<sup>352</sup> The court therefore dismissed these arguments as well, and affirmed the district court's ruling that Access had a nonexclusive license to use the twenty-nine jingles.<sup>353</sup>

In reviewing the district court's holding on the ownership of the first seven jingles and the statutory construction of Section 101 of the Copyright Act,<sup>354</sup> the Fifth Circuit determined that purely audio works, like the jingles at issue, are not "audiovisual works" within the meaning of the statute, and therefore cannot be works made for hire.<sup>355</sup> The court noted that a work can be a work for hire only if it fits within one of the nine categories defined by the statute, such as works "specially \*352 ordered or commissioned for use ... as a part of a motion picture or other *audiovisual* work."<sup>356</sup> The court held that the plain language of the statute indicates that an audiovisual work *must* have a visual component, which the jingles alone do not have.<sup>357</sup>

Access argued that the jingles were commissioned for use on television and radio and were therefore intended to be used "as a part of a motion picture or other audiovisual work" within the meaning of Section 101.<sup>358</sup> This argument was based upon Lulirama's statement that it agreed to provide the jingles "to sell ... to [both] its television and radio clients."<sup>359</sup> The Fifth Circuit, however, pointed out that this statement could be construed to mean that some jingles were intended for radio and

some were intended for television.<sup>360</sup> Some of the jingles could therefore be purely audio works and excluded from the definition of “works made for hire” under the statute.<sup>361</sup> Consequently, the court found that a genuine issue of material fact existed<sup>362</sup> and vacated the district court’s summary judgment ruling that Axxess owned the first seven jingles.<sup>363</sup>

## B. Implied Nonexclusive License

In *Saxelbye Architects, Inc. v. First Citizens Bank & Trust Co.*,<sup>364</sup> the Fourth Circuit addressed, in the context of a dismissal for failure to state a claim, the issue of whether a multi-phase architectural project gave rise to an implied nonexclusive license to use associated schematic drawings.<sup>365</sup>

First Citizens Bank & Trust Co. (FCB) solicited bids for architectural design and planning services on a proposed operations center.<sup>366</sup> Saxelbye Architects, Inc. \*353 (Saxelbye) was selected for the project and sent to FCB three separate documents entitled “Project Understanding,” “Scope of Services” and “Fee Schedule,” which were characterized in a cover letter by Saxelbye as a “revised agreement and were signed by FCB’s vice-president.”<sup>367</sup> At an intermediate phase of the project, schematic drawings were delivered to FCB and on the same day, two team members on the project and a vice president of Saxelbye quit the firm to start the architectural firm of Rolland, DelValle & Bradley (RDB).<sup>368</sup> Approximately two and one-half weeks later, FCB informed Saxelbye that the remainder of the project would be completed by RDB.<sup>369</sup> Saxelbye was paid \$256,000 for previous services rendered, including the schematic drawings.<sup>370</sup> Saxelbye responded by informing FCB that the drawings were its property, and no one else had permission to use them.<sup>371</sup> Saxelbye later sued FCB for, inter alia, copyright infringement.<sup>372</sup>

The district court held that Saxelbye failed to state a claim for copyright infringement because FCB had a nonexclusive license to use the drawings.<sup>373</sup> Although no express license existed between the parties, the district court recognized an implied nonexclusive license based on the conduct of the parties.<sup>374</sup> In so holding, the district court relied on *I.A.E., Inc. v. Shaver*<sup>375</sup> and explained that a party who purchases architectural services for a construction project is entitled to use the drawings produced in conjunction with the services.<sup>376</sup>

The Fourth Circuit distinguished this case from the facts in *Shaver*.<sup>377</sup> In *Shaver*, a design/construction contractor subcontracted with Shaver only to prepare schematic drawings for a project.<sup>378</sup> In other words, the drawings were the end product of the contract. Shaver had a mere expectation, not a contract, for any work \*354 on the project beyond preparing the drawings.<sup>379</sup> Saxelbye, on the other hand, alleged that it had a contract for the *entire* project and that the schematic drawings were submitted to FCB only for approval, not as an end-product.<sup>380</sup> If Saxelbye did have a contract for the entire project, then the drawings were “a tool to be used by Saxelbye to complete the project.”<sup>381</sup> The Fourth Circuit implied, without directly stating, that if the drawings were submitted solely for approval and comment, then no license to use the drawings should be implied.<sup>382</sup> Because there remained factual questions about the parties’ intentions as to the use of the schematic drawings, the Fourth Circuit reversed the dismissal and remanded to the district court for further proceedings.<sup>383</sup>

## Footnotes

<sup>a1</sup> Conley, Rose & Tayon, P.C., Austin, Texas. The author acknowledges the significant contributions made by: Mark L. Berrier, Daniel R. Christen, Robert C. Jahnke (law clerk), and Eric A. Stephenson, all with Conley, Rose & Tayon, P.C., Austin, Texas.

<sup>1</sup> Quality King Distrib., Inc. v. L’anza Research Int’l, 118 S. Ct. 1125, 45 U.S.P.Q.2d (BNA) 1961 (1998) (citing 17 U.S.C. § 602(a) (1994)).

<sup>2</sup> 741 F.2d 896, 223 U.S.P.Q. (BNA) 195 (7th Cir. 1984).

<sup>3</sup> Ty, Inc. v. GMA Accessories, Inc., 132 F.3d 1167, 45 U.S.P.Q.2d (BNA) 1519 (7th Cir. 1997).

<sup>4</sup> American Dental Ass’n v. Delta Dental Plans Ass’n, 126 F.3d 977, 44 U.S.P.Q.2d (BNA) 1296 (7th Cir. 1997).

5 Chase-Riboud v. Dreamworks, Inc., 45 U.S.P.Q.2d (BNA) 1259 (C.D. Cal. 1997).

6 Repp v. Lloyd Webber, 132 F.3d 882, 45 U.S.P.Q.2d (BNA) 1285 (2d Cir. 1997).

7 A taxonomy is the orderly classification of a subject according to its relationships. *See* MIRIAM WEBSTER'S COLLEGIATE DICTIONARY 1208 (10th ed. 1996). The taxonomy at issue in this case is a classification of dental procedures.

8 126 F.3d 977, 44 U.S.P.Q.2d (BNA) 1296 (7th Cir. 1997).

9 *Id.* at 980-81, 44 U.S.P.Q.2d at 1300 (citing 17 U.S.C. § 102(b) (1994)).

10 *Id.* at 977, 44 U.S.P.Q.2d at 1297.

11 *Id.*

12 *Id.*

13 *Id.*

14 *Id.*

15 *Id.*

16 *Id.* at 977-78, 44 U.S.P.Q.2d at 1297.

17 *Id.* at 977, 44 U.S.P.Q.2d at 1297.

18 *Id.* at 980, 44 U.S.P.Q.2d at 1299-1300. “‘Literary works’ are works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia ... .” 17 U.S.C. § 101 (1994).

19 *American Dental Ass’n*, 126 F.3d at 978, 44 U.S.P.Q.2d at 1297. The district court’s decision caused concern among other organizations that compile taxonomies. *Id.* at 978, 44 U.S.P.Q.2d at 1298. The American Medical Association, the American National Standards Institute, and Underwriter’s Laboratories, among others, filed amicus curiae briefs to support the ADA’s position. *Id.*

20 *Id.* at 978, 44 U.S.P.Q.2d at 1298.

21 17 U.S.C. § 101.

22 Act of May 31, 1790, 1 Stat. 124 (repealed 1831). The Copyright Act of 1790 instantiated maps, charts, and books as protectable. *Id.*; *see American Dental Ass’n*, 126 F.3d at 978, 44 U.S.P.Q.2d at 1298.

23 *American Dental Ass'n*, 126 F.3d at 979, 44 U.S.P.Q.2d at 1298.

24 *Id.*; see *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 346, 18 U.S.P.Q.2d (BNA) 1275, 1278 (1991).

25 *American Dental Ass'n*, 126 F.3d at 979, 44 U.S.P.Q.2d at 1298. The court specifically pointed out that a taxonomy is not a compilation because the elements do not exist independently. *Id.* at 980, 44 U.S.P.Q.2d at 1299.

26 *Id.* at 979, 44 U.S.P.Q.2d at 1298.

27 *Id.*, 44 U.S.P.Q.2d at 1299.

28 *Id.*

29 *Id.*

30 *Id.*

31 *See id.*

32 *Id.*

33 17 U.S.C. § 102(b) (1994).

34 101 U.S. 99 (1879).

35 *See id.* at 103; cf. *American Dental Ass'n*, 126 F.3d at 981, 44 U.S.P.Q.2d at 1300.

36 *American Dental Ass'n*, 126 F.3d at 980-81, 44 U.S.P.Q.2d at 1300.

37 *Id.*

38 *See id.*

39 *Id.* at 977, 44 U.S.P.Q.2d at 1297.

40 *Id.* at 981, 44 U.S.P.Q.2d at 1300.

41 45 U.S.P.Q.2d (BNA) 1350 (C.D. Cal. 1997).

42 *Id.* at 1351.



43 *Id.*

44 *Id.*

45 *Id.*

46 *Id.*

47 *Id.*

48 *Id.* “The frame around the face which forms the letter ‘G’ in particular makes the Model 3600 unique and represents artistic design separable from the utilitarian aspects of the watch.” *Id.* at 1353 (following the test for conceptual separability espoused in *Brandir Int’l v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1145, 5 U.S.P.Q.2d (BNA) 1089, 1091-92 (2d Cir. 1987)). The defendants unsuccessfully argued that copyright protection was precluded under the useful article doctrine because Severin Montres’ idea to frame the watch with the first letter of the watchmaker’s name was purely functional. *Id.* at 1351. The court did not accept the defendants’ assertion on its face, and the defendants offered no proof to support their position. *Id.*

49 *Id.* at 1353.

50 *See generally* 1 MELVILLE B. NIMMER AND DAVID NIMMER, NIMMER ON COPYRIGHT § 2.03[D] (1997).

51 45 U.S.P.Q.2d at 1354.

52 *Id.*

53 *Id.*

54 *Id.* at 1353.

55 *Id.* at 1354.

56 *Id.*

57 *Id.* (“[D]ue to the shape and size of the letters, that they are not the same letter does not sufficiently distinguish the watches.”).

58 *Id.*

59 *Id.*

60 45 U.S.P.Q.2d (BNA) 1451 (S.D.N.Y. 1997).

61 *Id.* at 1456.

62 *Id.* at 1452-53.

63 *Id.* at 1453.

64 *Id.*

65 *Id.*

66 *Id.*

67 *Id.*

68 *Id.* at 1454.

69 *Id.*

70 *Id.* at 1453.

71 *Id.* at 1456.

72 *Id.* at 1455.

73 *Id.*

74 *Id.*

75 *Id.*

76 *Id.*

77 *Id.*

78 *Id.*

79 *Id.* at 1453, 1455 (citing *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988, 998, 221 U.S.P.Q. (BNA) 490, 497 (2d Cir. 1983) (inferring access based on the song at issue reaching number one on the national hit charts)).

80 *Id.* at 1455.

81 *Id.*

82 *Id.*

83 *Id.* at 1455-56.

84 *Id.* at 1456.

85 *Id.*

86 *Id.* at 1457.

87 *Id.* at 1456-57.

88 *Id.*

89 *Id.* at 1457. Since the phrase was not significantly modified or infused with a “creative spark,” the lyrical phrase lacks originality and was not entitled to copyright protection separate from the performer’s vocal rendition of the phrase. *Id.* “Because the ... lyric is a common motto, plaintiff’s use of the idiom, no matter how many times it appears in [the] song, does not transform the words themselves into protected material.” *Id.*

90 *Id.*

91 45 U.S.P.Q.2d (BNA) 1078 (S.D.N.Y. 1997).

92 *Id.* at 1078.

93 *Id.*

94 *Id.*

95 *Id.* at 1082.

96 *Id.* at 1081.

97 *Id.* at 1086.

98 *Id.* at 1080.

99 *Id.* at 1087.

100 17 U.S.C. § 408(c) (1994) (“[T]he Register of Copyrights shall establish regulations specifically permitting a single registration for a group of works ...”).

101 *Behnam*, 45 U.S.P.Q.2d at 1087.

102 HOUSE REPORT ON THE 1976 AMENDMENT OF THE COPYRIGHT ACT, H.R. REP. No. 94-1476 (1976), *reprinted in* 17 U.S.C. § 408, at 986 (1994) (emphasis added).

103 37 C.F.R. § 202.3(b)(3)(i)(A) (1997) (emphasis added).

104 *Behnam*, 45 U.S.P.Q.2d at 1088.

105 *Id.*

106 *Id.*

107 *Id.*

108 *Id.*

109 17 U.S.C. § 407(a) (1994).

110 *Behnam*, 45 U.S.P.Q.2d at 1088 (citing *Whimsicality, Inc. v. Rubie’s Costume Co.*, 891 F.2d 452, 453, 13 U.S.P.Q.2d (BNA) 1296, 1297 (2d Cir. 1989)).

111 *Id.* (citing *Thomas Wilson & Co. v. Irving J. Dorfman, Co.* 433 F.2d 409, 412, 167 U.S.P.Q. (BNA) 417, 419 (2d Cir. 1970)).

112 *Id.*

113 133 F.3d 773, 45 U.S.P.Q.2d (BNA) 1592 (10th Cir. 1998).

114 17 U.S.C. § 404(a) (1994).

115 *Transwestern*, 133 F.3d at 781, 45 U.S.P.Q.2d at 1598.

116 *See* 2 NIMMER & NIMMER, *supra* note 50, § 7.02[B], at 7-15 (“The Berne Convention bars notice, along with all other formalities, from serving as a condition to copyright protection.”).

117 *Transwestern*, 133 F.3d at 775, 45 U.S.P.Q.2d at 1593.

118 *Id.*

119 *Id.*

120 *Id.*

121 *Id.*

122 *Id.*

123 *Id.* at 774, 45 U.S.P.Q.2d at 1593.

124 *Id.* at 777, 45 U.S.P.Q.2d at 1595.

125 *Id.* at 776-77, 45 U.S.P.Q.2d at 1594-95.

126 *Id.* at 779, 45 U.S.P.Q.2d at 1597.

127 *Id.* at 781, 45 U.S.P.Q.2d at 1598.

128 *Id.* at 777, 45 U.S.P.Q.2d at 1594.

129 *Id.*, 45 U.S.P.Q.2d at 1595.

130 17 U.S.C. § 404(a) (1994).

131 *Transwestern*, 133 F.3d at 781, 45 U.S.P.Q.2d at 1598.

132 See 17 U.S.C. § 404(a); *see also TransWestern*, 133 F.3d at 782, 45 U.S.P.Q.2d at 1599 (Briscoe, J., concurring).

133 See 2 NIMMER & NIMMER, *supra* note 50, § 7.02[B], at 7-15 to 7-16.

134 *Transwestern*, 133 F.3d at 777, 45 U.S.P.Q.2d at 1594.

135 *Id.*

136 *Id.* at 775, 45 U.S.P.Q.2d at 1593.

137 *Id.*, 45 U.S.P.Q.2d at 1594.

138 *Id.* at 777, 45 U.S.P.Q.2d at 1594.

139 *Id.* at 776, 45 U.S.P.Q.2d at 1594.

140 *Id.* at 777, 45 U.S.P.Q.2d at 1594.

141 *Id.*, 45 U.S.P.Q.2d at 1595.

142 *Id.*

143 *Id.*

144 *See generally*, 4 NIMMER & NIMMER, *supra* note 50, § 13.03[A][2].

145 *Transwestern*, 133 F.3d at 775, 45 U.S.P.Q.2d at 1593.

146 *Id.*

147 *See id.* at 782, 45 U.S.P.Q.2d at 1599 (Briscoe, J., concurring) (“[T] he unauthorized copying of a single copyrightable ad would constitute infringement.”).

148 *Id.* at 781, 45 U.S.P.Q.2d at 1598-99 (Briscoe, J., concurring).

149 *Id.* at 779, 45 U.S.P.Q.2d at 1596.

150 *Id.*

151 *Id.*, 45 U.S.P.Q.2d at 1597.

152 *Id.*

153 *Id.*

154 *Id.* at 779-80, 45 U.S.P.Q.2d at 1597.

155 *Id.* at 780, 45 U.S.P.Q.2d at 1597-98.

156 *Id.*, 45 U.S.P.Q.2d at 1598.

157 759 F.2d 493, 226 U.S.P.Q. (BNA) 112 (5th Cir. 1985).

158 The effective date for the Berne Convention Implementation Act was March 1, 1989. *See* 1 NIMMER & NIMMER, *supra* note 50, § 5.05[B][2][c], at 5-69.

159 *Transwestern*, 133 F.3d at 780, 45 U.S.P.Q.2d at 1597 (citing *Canfield*, 759 F.2d at 494, 226 U.S.P.Q. at 113).

160 *Id.* (citing *Canfield*, 759 F.2d at 495, 226 U.S.P.Q. at 113).

161 *See* 2 NIMMER & NIMMER, *supra* note 50, § 7.02[C][1]-[2].

162 *See Transwestern*, 133 F.3d at 780, 45 U.S.P.Q.2d at 1597.

163 *See, e.g.*, 17 U.S.C. § 401 (1994) (“[A] notice of copyright as provided by this section *may* be placed on publicly distributed copies.”) (emphasis added); 17 U.S.C. § 402 (1994) (“[A] notice of copyright as provided by this section *may* be placed on publicly distributed copies.”) (emphasis added); 17 U.S.C. § 404 (1994) (“[A] separate contribution to a collective work *may* bear its own notice of copyright.”) (emphasis added); *see also* 2 NIMMER & NIMMER, *supra* note 50, § 7.02[B], at 7-15 (“Congress prospectively eliminated the mandatory notice requirement.”).

164 *Transwestern*, 133 F.3d at 781, 45 U.S.P.Q.2d at 1598.

165 *Id.*

166 17 U.S.C. § 404(a) (1994).

167 *See id.*

168 17 U.S.C. §§ 401(d), 402(d) (1994).

169 The same is true for any unnoticed work. *See* 2 NIMMER & NIMMER, *supra* note 50, § 7.02[C][3], at 7-17.

170 *Transwestern*, 133 F.3d at 781, 45 U.S.P.Q.2d at 1598.

171 *Id.*

172 *Id.* (emphasis added).

173 *See* 17 U.S.C. § 101 (1994).

174 “In order to bring the United States into conformity with Berne, Congress prospectively eliminated the mandatory notice requirement.” 2 NIMMER & NIMMER, *supra* note 50, § 7.02[B], at 7-15.

175 *See id.* (“Under the [Berne Convention Implementing Act], notice is no longer required . . . . Nonetheless, the [Berne Convention

Implementing Act] preserves an incentive to use the same type of copyright notice that has been required under the 1976 Act.”).

176 *Id.*

177 *See* 17 U.S.C. §§ 401(d), 402(d), 404(a) (1994).

178 *See* 2 NIMMER & NIMMER, *supra* note 50, § 7.02[B], at 7-15.

179 Section 404(a) does not appear to be a loophole, as the plain language indicates that notice is optional. *See* 17 U.S.C. § 404(a) (1994).

180 132 F.3d 1167, 45 U.S.P.Q.2d (BNA) 1519 (7th Cir. 1997).

181 741 F.2d 896, 223 U.S.P.Q. (BNA) 195 (7th Cir. 1984).

182 *Ty*, 132 F.3d at 1169, 45 U.S.P.Q.2d at 1520.

183 *Id.* at 1171, 45 U.S.P.Q.2d at 1521-22.

184 *Id.* at 1169, 45 U.S.P.Q.2d at 1520.

185 *Id.*

186 *Id.*

187 *Id.*

188 *Id.*

189 *Id.*

190 *Id.* at 1169-70, 45 U.S.P.Q.2d at 1520. GMA does not appear to contest that the similar features are protectable expression. *See id.*

191 741 F.2d 896, 223 U.S.P.Q. (BNA) 195 (7th Cir. 1984).

192 *Id.* at 898, 223 U.S.P.Q. at 196. *Selle* involved a copyright infringement claim by a little-known musician, Selle, against the Bee Gees. *Id.* Selle alleged that the Bee Gees’ hit song *How Deep Is Your Love* was copied from a song that was publicly performed only a few times. *Id.* Selle did submit the song to several music companies, but it was never recorded. *Id.* An expert testified at trial that the songs were strikingly similar, but Selle did not produce any other evidence that reasonably established that the Bee Gees had ever heard the song. *Id.* at 903, 223 U.S.P.Q. at 199. The jury found for Selle, but the district court granted the Bee Gees’ motion for judgment notwithstanding the verdict based on a lack of access, and the Seventh Circuit affirmed. *Id.* at 898, 223 U.S.P.Q. at 196.



193 *See, e.g.*, *Towler v. Sayles*, 76 F.3d 579, 585, 37 U.S.P.Q.2d (BNA) 1785, 1789 (4th Cir. 1996); *Gaste v. Kaiserman*, 863 F.2d 1061, 1067, 9 U.S.P.Q.2d (BNA) 1300, 1306 (2d Cir. 1988); *Ferguson v. Nat'l Broad. Co.*, 584 F.2d 111, 113, 200 U.S.P.Q. (BNA) 65, 66 (5th Cir. 1978); *see also* 4 NIMMER & NIMMER, *supra* note 50, § 13.02[B].

194 *See* 4 NIMMER & NIMMER, *supra* note 50, § 13.02[B] n.24.5.

195 *See Ty*, 132 F.3d at 1170, 45 U.S.P.Q.2d at 1521.

196 *Id.*

197 *Id.*

198 *Id.* at 1171, 45 U.S.P.Q.2d at 1521-22.

199 *Id.* at 1170, 45 U.S.P.Q.2d at 1521.

200 *Id.*

201 *Id.*

202 *Id.*

203 *Id.*

204 *Id.* at 1171, 45 U.S.P.Q.2d at 1521-22.

205 *Id.* at 1170, 45 U.S.P.Q.2d at 1521.

206 *Id.*

207 *Id.* at 1170-71, 45 U.S.P.Q.2d at 1521.

208 *Id.* at 1171, 45 U.S.P.Q.2d at 1521.

209 *Id.*, 45 U.S.P.Q.2d at 1522.

210 *Id.* at 1170, 45 U.S.P.Q.2d at 1521.

211 *Id.* at 1172, 45 U.S.P.Q.2d at 1523.

212 *Id.*

213 *Id.*

214 *Id.* at 1173, 45 U.S.P.Q.2d at 1523.

215 *Id.*

216 *Id.*, 45 U.S.P.Q.2d at 1524

217 132 F.3d 882, 45 U.S.P.Q.2d (BNA) 1285 (2d Cir. 1997).

218 *Id.* at 889, 45 U.S.P.Q.2d at 1291.

219 *Id.* at 884, 45 U.S.P.Q.2d at 1286.

220 *Id.* at 885, 45 U.S.P.Q.2d at 1287.

221 *Id.* at 885-86, 45 U.S.P.Q.2d at 1288.

222 *Id.* at 886, 45 U.S.P.Q.2d at 1288.

223 *Id.* at 890, 45 U.S.P.Q.2d at 1292.

224 *Id.* at 887, 45 U.S.P.Q.2d at 1289.

225 *Id.* at 888, 45 U.S.P.Q.2d at 1289-90; *see* *Lipton v. Nature Co.*, 71 F.3d 464, 471, 37 U.S.P.Q.2d (BNA) 1012, 1016 (2d Cir. 1995) (“If the two works are so strikingly similar as to preclude the possibility of independent creation, copying may be proved without a showing of access.”); *see also* *Gaste v. Kaiserman*, 863 F.2d 1061, 1067-68, 9 U.S.P.Q.2d (BNA) 1300, 1306 (2d Cir. 1988) (“[T]he jury is only permitted to infer access from striking similarity ... [and] that inference must be reasonable in light of all the evidence.”).

226 *Repp*, 132 F.3d at 888, 45 U.S.P.Q.2d at 1289-90.

227 *Id.* at 891, 45 U.S.P.Q.2d at 1292.

228 *Id.* at 892, 45 U.S.P.Q.2d at 1293.

229 *Id.* at 888, 45 U.S.P.Q.2d at 1290.

230 *Id.* at 884, 45 U.S.P.Q.2d at 1286.

231 *Id.* at 891, 45 U.S.P.Q.2d at 1292.

232 *Id.*

233 *Id.* at 892, 45 U.S.P.Q.2d at 1292.

234 *Id.*

235 118 S. Ct. 1125, 45 U.S.P.Q.2d (BNA) 1961 (1998).

236 *Id.* at 1137, 45 U.S.P.Q.2d at 1969 (citing 17 U.S.C. §§ 109(a), 602(a) (1994)).

237 17 U.S.C. § 602(a).

238 *See* 2 NIMMER & NIMMER, *supra* note 50, § 8.11[B], at 8-139.

239 *Id.*

240 *Id.* at 8-140 (citing 17 U.S.C. 602(a)).

241 *Id.* at 8-141.

242 *Quality King*, 118 S. Ct. at 1127, 45 U.S.P.Q.2d at 1961.

243 *Id.*, 45 U.S.P.Q.2d at 1963.

244 *Id.* at 1127-28, 45 U.S.P.Q.2d at 1963.

245 *Id.* at 1128, 45 U.S.P.Q.2d at 1963.

246 *Id.* (citing 17 U.S.C. §§ 109(a), 602(a) (1994)).

247 *Id.* The Ninth Circuit's decision is discussed in detail in Jeff A. McDaniel, *Recent Copyright Case Law Developments*, 5 TEX. INTELL. PROP. L.J. 293, 295-97 (1997).

248 *Quality King*, 118 S. Ct. at 1130, 45 U.S.P.Q.2d at 1965.

249 17 U.S.C. § 602(a) (1994).

250 *Quality King*, 118 S. Ct. at 1130, 45 U.S.P.Q.2d at 1965 (citing 17 U.S.C. § 106 (1994)).

251 *Id.*

252 *Id.*

253 17 U.S.C. § 106 (“Subject to sections 107 through 120, the owner of a copyright under this title has the exclusive rights to do and to authorize any of the following ...”).

254 *Quality King*, 118 S. Ct. at 1130, 45 U.S.P.Q.2d at 1965.

255 17 U.S.C. § 109(a) (1994) (“Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title ... is entitled, without authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.”).

256 *Quality King*, 118 S. Ct. at 1130, 45 U.S.P.Q.2d at 1965.

257 *Id.*

258 *Id.*

259 *Id.* at 1131, 45 U.S.P.Q.2d at 1966.

260 17 U.S.C. § 602(b) (1994).

261 *Quality King*, 118 S. Ct. at 1131, 45 U.S.P.Q.2d at 1966.

262 *Id.*

263 *Id.*

264 *Id.*

265 17 U.S.C. § 109(a) (1994) (“Notwithstanding the provisions of section 106(3), *the owner of a particular copy* or phonorecord lawfully made under this title ... is entitled, without authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.”) (emphasis added).

266 *Quality King*, 118 S. Ct. at 1131, 45 U.S.P.Q.2d at 1966.

267 *Id.*

268 17 U.S.C. § 109(a) (1994) (“Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord *lawfully made under this title* ... is entitled, without authority of the copyright owner, to sell or otherwise dispose of the possession

of that copy or phonorecord.”) (emphasis added).

269 *Quality King*, 118 S. Ct. at 1132, 45 U.S.P.Q.2d at 1967.

270 *Id.*

271 17 U.S.C. § 501 (1994).

272 *Quality King*, 118 S. Ct. at 1132, 45 U.S.P.Q.2d at 1967.

273 *Id.*

274 *Id.*

275 *Id.*, 45 U.S.P.Q.2d at 1968.

276 *See id.*

277 *Id.* at 1133, 45 U.S.P.Q.2d at 1968 (citing *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 450-51, 220 U.S.P.Q. (BNA) 665, 682 (1984)).

278 *Id.*

279 *Id.* at 1134, 45 U.S.P.Q.2d at 1968.

280 *Id.*

281 *Id.*

282 *Id.*, 45 U.S.P.Q.2d at 1969.

283 45 U.S.P.Q.2d (BNA) 1259 (C.D. Cal. 1997).

284 *Id.* at 1260, 1268.

285 *Id.* at 1260.

286 *Id.*

287 *Id.*

288 *Id.*

289 *Id.* at 1260, 1268.

290 *Id.* at 1260-61.

291 *Id.* at 1261-62.

292 *Id.* at 1262 (citing *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1164, 196 U.S.P.Q. (BNA) 97, 102-03 (9th Cir. 1977)).

293 *Id.*

294 *Id.*

295 *Id.*

296 *Id.* at 1263.

297 *Id.* at 1264.

298 *Id.*

299 *Id.* at 1263-64.

300 *Id.* at 1264.

301 *Id.*

302 *See id.*

303 *Id.* at 1264-65.

304 *Id.*

305 *Id.* at 1265.

306 *Id.*

307 *Id.*

308 *Id.*

309 *Id.* at 1265-66.

310 *Id.* at 1265.

311 *Id.*

312 *Id.*

313 *Id.* at 1266.

314 *Id.*

315 *Id.*

316 *Id.* at 1266-67.

317 *Id.* at 1267.

318 *Id.*; *see also* 1 NIMMER & NIMMER, *supra* note 50, § 2.16, at 2-185 to 2-195.

319 *Chase-Riboud*, 45 U.S.P.Q.2d at 1267-68.

320 *Id.*

321 *Id.* at 1268.

322 *Id.*

323 *Id.*

324 *Id.*

325 *Id.*

326 *Id.*

327 *Id.*

328 *Id.*

329 *Id.* Chase-Riboud dropped her infringement suit two months after her request for a preliminary injunction was denied. *Company Town Writer Settles Against Film "Amistad" Entertainment: Wording of a Statement Ending the Case Hints at Vindication for Dreamworks and Spielberg*, L.A. TIMES, Feb. 10, 1998, at D1, available in 1998 WL 2397188. In a statement released by the studio, she was quoted as saying "neither Steven Spielberg nor Dreamworks did anything improper." *Id.* The statement did not indicate whether the agreement included a monetary settlement. *Id.*

330 128 F.3d 872, 44 U.S.P.Q.2d (BNA) 1731 (5th Cir. 1997).

331 *Id.* at 879, 44 U.S.P.Q.2d at 1736-37.

332 *Id.* at 874, 44 U.S.P.Q.2d at 1732.

333 *Id.* at 875, 44 U.S.P.Q.2d at 1733.

334 *Id.* at 874-75, 44 U.S.P.Q.2d at 1733.

335 *Id.* at 874, 44 U.S.P.Q.2d at 1732-33.

336 *Id.* at 875, 44 U.S.P.Q.2d at 1733.

337 *Id.*

338 *Id.* at 875-76, 44 U.S.P.Q.2d at 1733-34.

339 *Id.* at 879, 44 U.S.P.Q.2d at 1736-37.

340 *See id.*, 44 U.S.P.Q.2d at 1737.

341 *Id.* at 879-83, 44 U.S.P.Q.2d at 1737-40.

342 17 U.S.C. § 201(b) provides:  
In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise *in a written instrument* signed by them, owns all of the rights comprised in the copyright.  
17 U.S.C. § 201(b) (1994) (emphasis added).

343 *See Lulirama*, 128 F.3d at 879-80, 44 U.S.P.Q.2d at 1737-38.

344 *Id.* at 880, 44 U.S.P.Q.2d at 1738.



345 *Id.* at 881, 44 U.S.P.Q.2d at 1738.

346 *Id.*

347 *Id.*

348 *Id.* at 882, 44 U.S.P.Q.2d at 1738-39.

349 *Id.*

350 *Id.*

351 *Id.*

352 *Id.*

353 *Id.* at 882-83, 44 U.S.P.Q.2d at 1739-40.

354 17 U.S.C. § 101 (1994).

355 *Lulirama*, 128 F.3d at 877-79, 44 U.S.P.Q.2d at 1735-36.

356 *Id.* at 877, 44 U.S.P.Q.2d at 1735 (citing 17 U.S.C. § 101) (emphasis added).

357 *Id.* at 878, 44 U.S.P.Q.2d at 1735-36 (emphasis added).

358 *Id.*, 44 U.S.P.Q.2d at 1736.

359 *Id.*

360 *Id.*

361 *Id.* at 879, 44 U.S.P.Q.2d at 1736.

362 *Id.* at 878-79, 44 U.S.P.Q.2d at 1736.

363 *Id.* at 884, 44 U.S.P.Q.2d at 1741.

364 44 U.S.P.Q.2d (BNA) 1634 (4th Cir. 1997). This case also appears as an unpublished table decision at 129 F.3d 117 (4th Cir. 1997).

365 *Id.* at 1634-35.

366 *Id.* at 1635.

367 *Id.*

368 *Id.*

369 *Id.*

370 *Id.*

371 *Id.*

372 *Id.*

373 *Id.*

374 *Id.* at 1636-37. By statute, a nonexclusive license does not have to be in writing. 17 U.S.C. § 101 (1994).

375 74 F.3d 768, 37 U.S.P.Q.2d (BNA) 1436 (7th Cir. 1996).

376 *Saxelbye*, 44 U.S.P.Q.2d at 1637.

377 *Id.*

378 *Id.* (citing *Shaver*, 74 F.3d at 770, 37 U.S.P.Q.2d at 1437).

379 *Id.* (citing *Shaver*, 74 F.3d at 776-77, 37 U.S.P.Q.2d at 1443).

380 *Id.*

381 *Id.*

382 *Id.*

383 *Id.*

6 TXIPLJ 317