PROTECTING COPYRIGHTS AND TRADEMARKS IN THE DIGITAL AGE

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Copyright Notice

(a) 17 U.S.C. § 401 says, in effect, that if a work protected by U.S. copyright is published anywhere by authority of the copyright owner, a "notice of copyright" may be placed on publicly distributed copies from which the work can be visually perceived. If a notice appears on the copies, it shall consist of three elements: (1) the symbol © (the letter C in a circle), or the word "Copyright", or the abbreviation "Copr."; (2) the year of first publication of the work; and (3) the name of the owner of copyright in the work.

(b) 17 U.S.C. § 402 says, in effect, that if a sound recording protected by U.S. copyright is published anywhere by authority of the copyright owner, a "notice of copyright" may be placed on publicly distributed phonorecords of the sound recording. If a notice appears on the phonorecords, it shall consist of three elements: (1) the symbol ? (the letter P in a circle); (2) the year of first publication of the sound recording; and (3) the name of the owner of copyright in the sound recording. If the producer of the sound recording is named on the phonorecord labels or containers, and if no other name appears in conjunction with the notice, the producer's name shall be considered a part of the notice.

(c) 17 U.S.C. §§401(d) and 402 (d) both provide, in effect, that if a copyright notice in the proper form and position appears on the copy or phonorecord to which an alleged infringer had access, then no weight shall be given to such a defendant's defense based on innocent infringement in mitigation of actual or statutory damages.

(d) See further, Copyright Office Information Circular 3.

Placing the Notice

(a) See, 17 U.S.C § 401(c) says, in summary, that the notice shall be affixed to the copies in such manner and location as to give reasonable notice of the claim of copyright. For sound recordings, 17 U.S.C. § 402 says that the notice shall be placed on the surface of the phonorecord, or on the phonorecord label or container, in such manner and location as to give reasonable notice of the claim of copyright.

(b) For more specific information on the proper placement of the copyright notice on different forms of works see, Copyright Office Information Circular 3.

Licenses/Transfers/Assignments/Recordation/Termination of Transfers

Copyrights are a form of personal property, like an automobile, that may be sold, rented devised by will or pledged as collateral for a loan. Nonexclusive permission to use a copyrighted work does not have to be in writing to be valid and binding, however, exclusive licenses or assignments (sales) of copyrights (called "transfers") must be in writing and signed by the copyright owner. To be recorded the transfer must either bear the original signatures of the parties, or be accompanied by a notary's certificate attesting that the copy submitted for recordation is a true and correct copy of the original. Advantages to recording transfers include establishing priority between conflicting transfers, creating a public record of the contents of the transfer, and giving constructive notice to all persons of the facts stated in the transfer, provided the transfer identifies the work sufficiently for it to be located in the Copyright Office records (i.e., by title or registration number) and has been registered and has been recorded within 1 month or execution (2 months of executed outside the U.S.), (17 U.S.C §205).Transfers executed by the author after January 1, 1978 may be terminated by the author or the author's heirs 35 years after the initial grant (17 U.S.C.§203).

Works Made For Hire

When an employer hires uses a salaried employee to create a copyrightable work, the employer rather than the employee is considered the "author" and owns all copyrights in the work. Works created by independent contractors may sometimes be "works made for hire" but only if the parties agree in writing that the work is a work for hire and only if the work falls into 9 categories of types of works that qualify as works made for hire. 17 U.S.C § 101. Unlike transfers which may be terminated after 35 years, copyrights acquired as "works made for hire" are not subject to termination.

Under 17 U.S.C §101, the nine types of works which may be classified as "works made for hire" are: 1) a contribution to a collective work, 2) a part of a motion picture or other audiovisual work, 3) a translation, 4) a supplementary work, 5) a compilation, 6) an instructional text, 7) a test, 8) answer material for a test, or 9) an atlas.

Benefits of acquiring works as works made for hire are that the employer is considered the author and has complete control over the work for the entire life of the copyright. Possible drawbacks to acquiring works as 'works made for hire' are state laws under which the employer may owe the employee or contracting party, employment benefits, such as workers' compensation insurance. *(See*, Victoroff, Greg, *Poetic Justice: California "Work Made for Hire" Laws Invite State Regulation of Parties to Copyright Contracts,* COMM/ENT Law Journal, Vol. 12:453, (1990).) In certain circumstances, acquiring works as works made for hire may be considered overreaching and is opposed by artists' rights groups such as the Graphic Artists Guild.

Infringement

17 U.S.C. §501 provides that anyone who violates any exclusive right of copyright is a copyright infringer. Section 502 provides for injunctive relief to stop a continuing infringement. Criminal penalties can be imposed under section 506, including fines and seizure and forfeiture orders may issue under section 509. Section 1203 provides civil remedies for violating anti-circumvention provisions. Criminal penalties can be imposed under section 1204, including fines and imprisonment for up to 5 years for a first offense and up to 10 years for subsequent offenses.

In the absence of direct evidence of copyright infringement (such as the testimony of a witness who saw the infringement occur) infringement may be proven by circumstantial evidence of the infringer's access to the copyrighted work and substantial similarity between the original and infringing works. To obtain a court order stopping the infringement prior to trial (called an injunction) the plaintiff must prove striking similarity between the two works.

Copyright infringement lawsuits are very expensive, costing between $100,000 - $300,000 to bring to trial. If the copyright was registered prior to the infringement or within 3 months of its first publication, reasonable attorneys' fees and costs are recoverable in addition to damages that may be awarded (17 U.S.C. §§412, 505). Damages include the infringers' profits plus the copyright owner's lost profits (17 U.S.C §504 (a)(1)). Further, if the copyright was registered prior to the infringement or within 3 months of its first publication, statutory damages of as much as $150,000 per infringement may be awarded if the infringement was intentional, or as low as $200 if the infringement was innocent (17 U.S.C. § 504(c)(2).

Personal and subject matter jurisdiction, venue and contributory and vicarious liability are discussed in the section entitled Fair Use and Infringement of Electronic Works, *infra*.

Fair Use

17 U.S.C. §107 codifies the defense of "fair use". In certain circumstances it may not constitute copyright infringement to use a copyrighted work for criticism, comment, news reporting, teaching, scholarship or research. Every case is supposed to be decided on it own special facts, but the statute lists four (4) of the many factors which judges and juries consider in deciding whether a particular use is "fair" or infringing:

(i) purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(ii) the nature of the copyrighted work;
(iii) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(iv) the effect of the use upon the potential market for or value of the copyrighted work.

International Copyright.

U.S. copyright law has no extraterritorial effect and there is no such thing as international copyright. Two international copyright treaties to which the U.S. is signatory, the Universal Copyright Convention and the Berne Convention, do not provide direct copyright protection either to " United States Works" (works first published in the U.S. or unpublished works by U.S. authors) which are infringed outside the U.S., or to non-U.S. works which are infringed in the U.S. Instead, the treaties offer "national treatment" to foreign works, granting equal or greater protections to the works in the country where the infringing act occurred as are given to the country's own works.

Infringements of U.S. copyright-protected works which occur outside the U.S. may be protected by the copyright law of the country where an infringing act occurs.

Infringements of works of non-U.S. origin which occur inside the U.S. may be protected under U.S. copyright law as long as the works are unpublished under 17 U.S.C §104(a). Protection of published works of non-U.S. origin under U.S. copyright law depends on six (6) factors listed in 17 U.S.C §104(b): 1) the nationality of the author(s), 2) where the work was first published, 3) for sound recordings, where the recording was first fixed, 4) for architectural works or visual art incorporated in an architectural work, the location of the work subject to copyright protection, 5) whether the work was authored by the United Nations or the Organization of American States or 6) whether the work is within the scope of a Presidential proclamation.

On March 1, 1989, the U.S. acceded to the Berne Convention and in so doing, agreed that U.S. formalities of copyright enforcement, such as the requirement of placing a copyright notice on all published works, would no longer be required. Further, the requirement of filing a copyright registration with the U.S. Copyright Office as a prerequisite to bringing suit in U.S. District Court was removed as to non-U.S. works, (i.e., works first published outside the U.S. or unpublished works by one or more authors who are not U.S. citizens.) Ironically, non-U.S. works need not be registered with the U.S. Copyright Office as a prerequisite to bringing suit, but authors of United States Works are disadvantaged by being required to register U.S. works as a prerequisite to bringing suit in U.S. courts (17 U.S.C. §411(a)).

On choice of law and jurisdictional issues in international copyright disputes see Victoroff, Greg, *The Other Curse of The Werewolf: Interpreting Copyright Transfers Under U.S. and English Law,* Whittier Law Review, Vol. 17, No. 2 (1995).

Digital Millennium Copyright Act - Anti-Circumvention Protection

Among its many provisions, the Digital Millennium Copyright Act ("DMCA") provides increased protection for digital transmissions of data protected by copyright, prohibits circumvention of protective technologies and copyright management data and provides a "safe harbor" from copyright infringement for Internet Service Providers ("ISPs") under certain circumstances.

17 U.S.C. §1201 provides perpetual protection extending even longer that the duration of the life of the copyright in a work and civil penalties (and criminal penalties in 17 U.S.C. §1202) for "circumventing" electronic security measures that control access to copyrighted works, including:

(i) De-scrambling a scrambled work;
(ii) Decrypting an encrypted work;
(iii) Avoiding, bypassing, removing, deactivating, or impairing a technological measure without the authority of the copyright owner
(iv) Manufacturing, importing, offering to the public, providing, or otherwise trafficking in any technology, product, service, device, component, or part thereof, that (A) is primarily designed or produced for the purpose of circumventing a technological measure that controls access to copyrighted works; (B) has only limited commercially significant purpose or use other than to circumvent a technological measure that controls access to copyrighted works; or C) is marketed by that person or another acting in concert with that person with that person's knowledge to circumvent a technological measure that controls access to copyrighted works.

Because encription (data which is scrambled or available only to paid up subscribers with password) is perpetual, the constitutionality of the anti-circumvention provisions of the DMCA have been challenged. See, *University City Studios vs. Corley*, 273 F.3d 429 (2d Cir. 2001) challenging the constitutionality of the de-encription prohibition in the DMCA (17 USC §1201). Suit was brought against the publisher of 2600 Magazine (the "Hacker's Quarterly") for publishing source code for DeCSS, which circumvents a DVD scrambling program "CSS" ("content scrambling system").

Protecting Software and Electronic Works

Types of Electronic Works

(a) CD ROMs, DVDs, Flash Drives
(b) Software
c) Shareware
(d) Open Source
(e) Websites (Passive, Interactive)
(f) Blogs (Sites and Content)
(g) User-generated Content
(h) Framing, Linking, Deep Linking, Meta-Tags
(i) Games (CD ROMs, proprietary platforms (Xbox, Wii, Playstation, etc.) multi-player online game sites)
(j) Collective Sites (YouTube, MySpace, FaceBook, etc.)
(k) Digital transmissions of sound recordings and musical compositions: satellite radio, downloads, ring tones, Internet streaming performances, ephemeral copies
(l) Audiovisual Works (Movies, TV, Videos, etc.)

Protection of Electronic Works

In addition to enforcing copyrights through federal court litigation after infringement has occurred, alternate and supplemental data protection measures are available to prevent infringement before it occurs.

- Copyright Notice and Registration. Berne notwithstanding, prominent copyright notices have strong deterrent effect and together with registration give valuable statutory benefits.

- Third party policing of software licenses. Business Software Alliance (www.bsa.org) in Washington, DC, active in more than 80 countries, describes itself as "dedicated to promoting a safe and legal digital world", paying rewards of up to $1 million dollars to individuals who anonymously report unlicensed software or piracy.

- Meta data embedded in image.

  (i) Adobe PhotoShop: http://www.adobe.com/products/photoshop/main.html
  (ii) Captionwriter II: http://www.comnet-software.com/
  (iii) Photostation: http://www.fotostation.com/
  (iv) GraphicCoverter: http://ww.lemkesoft.de/us_scabout.html
  (v) Image Info Toolkit: http://www.picturefinder.com/software/iit/welcome.html
  (vi) IMatch: http://www.photools.com/
  (vii) iView MediaPro: http://www.iview-multimedia.com
  (viii) MediaGrid: http://www.swcc.com/mediagrid2.html
  (ix) Photo Mechanic: http://www.camerabits.com

- Watermarking. Stock photo agencies and royalty-free image sellers often use visible watermarks. Drawbacks are that visible watermarks spoil the aesthetics of the image and can be disabled using "smart blur" function in Photoshop. Another concern is that watermarking companies will evolve into visual art equivalent of performance rights societies in the music industry. Watermarking options include:

  i) Dropwatermark: www.dropwatermark.com ($16.50)
  ii) Easybatchphoto: http://yellowmug.com/easybatchphoto/ ($23.95)
  iii) iWatermark: www.scriptsoftware.com/iwatermark ($20.00)
  iv) Stampsphere: http://web.mac.com/spherecorner/shareware/stamp_sphere.html (Free)
  v) Picmark: http://www.digitalcalamity.org/lib/php/index.php?DC_item=picmark&DC_section=application (Free)
  vi) "DigiMarc" sold as a "plug in" for Photoshop consists of an invisible packet of data with © notice, © owner's name, URL, how to buy/ license the image, etc. Owners info appears in the address bar, bringing traffic to Owner's site. Good for photographers, graphic artists, web designers, etc. ($99.00 for 100 images)
  vii) Mindset "MP Protect" prevents bandwidth theft and unauthorized reproduction by using Java applet streaming the image. Image is never loaded on user's hard drive; can't be printed or saved. "Look but don't

touch."($179/year plus $29 set up. ReMark invisible watermarking available at additional charge.)

viii) "Alchemdia" - "Clever Content" similar to MP Protect. $99/month for 50 images. Server license for professional installations begin at $10,000 per CPU.

(xi) Vyou.com. Protects text, images and streaming content $199 /year for the first 20,000 image accesses. Server licenses $5,000-$50,000.

- Contractual Safeguards. Printed license terms on exterior packaging, click through licenses, shrink-wrap licenses, membership and subscription agreements, web site terms, valid and enforceable.

(i) Exclusive licensing for one site only with warranties and indemnities for infringements.

(ii) Click-through license agreements

(iii) Restrictions on access to image, period of time, number of uses, territory, platform or delivery system to registered users with credit card on file

- Low Resolution, Partial Images, Image Size and Compression

- Record keeping, Policing, "Spidering", Cookies. Tracking on line infringements with automated "cease and desist" email and retroactive licenses.

- "Plug-Ins". Software solutions which only allow users with a "plug-in" program to view images, preventing access from unauthorized sites.

Fair Use and Infringement of Electronic Works

United States District courts have exclusive jurisdiction over copyright infringement lawsuits. "Notice and take down" procedures in 17 U.S.C. §512 often provide a fast and cost-effective alternative to seeking injunctive relief in Federal court.

Personal Jurisdiction. Where the defendant's activities resemble traditional business activities and the defendant "purposely availed" herself of the privileges of conducting activities in the forum state, personal jurisdiction will be found. *See, Bridgeport Music, Inc. vs. Still N the Water Publishing*, 327 F. 3d 472 (6th Cir. 2003). But where a defendant's activities are passive, using the Internet as a global bulletin board, personal jurisdiction cannot be constitutionally exercised. See, *Cybersell, Inc. vs. Cybersell, Inc.,* 130 F. 3d 414 (9th Cir. 1997).

Venue. A copyright infringement lawsuit may be filed wherever personal jurisdiction is proper. Thus, if an infringer has purposely availed herself of the privileges of conducting activities in the forum state, such as by selling infringing products into the state or contracting to sell infringing products in the forum state, venue is proper in any Federal District Court where the infringement occurs.

Music, Video and Movies. Policing multiple Internet infringers can be like fighting a swarm of bees. For rules regarding contributory and vicarious copyright infringement liability for unauthorized sharing of audio recordings, see *A&M Records vs. Napster*, 239 F.3d 1004 (9th Cir.

2001). Liability for unauthorized reproduction of motion pictures, see *MGM vs. Grokster*, 125 S.Ct. 2764.

Fair Use. 17 U.S.C. §107 codifies the defense of "fair use". Notwithstanding the four 'fair use' factors enumerated in section 107, every case is supposed to be decided on it own special facts. As a general rule of thumb, if copying is permitted by a site, it's probably not an infringement to download and print a single copy. If the copy is for personal use only it is probably fair use unless the use affects the potential market for the original. Reproducing artworks to advertise the artworks for sale (such as in catalogues and postcards) is probably non-infringing, but would probably not constitute fair use if reproduced and distributed on "promotional" posters. Parody may be fair use under the 4 factor analysis in 17 U.S.C §107.

17 U.S.C §1008, the Audio Home Recording Act, provides a "safe harbor" prohibiting infringement actions based on a consumer making a noncommercial recording of either digital or analog recordings or manufacturing, importing, or distributing any such recording device.

Framing, Linking. Unauthorized framing may constitute copyright infringement, unfair competition, etc. Linking, Deep Linking are probably not infringing, but requesting permission is suggested.

Meta-Tags. Unauthorized use of trademarks in hidden "meta tags" may constitute unfair competition and trademark infringement

Scanning. Imitation is the sincerest form of stealing.

Displaying uploaded infringing material. May constitute vicarious and contributory infringement unless DMCA "take down" procedures are followed, (17 U.S.C. §512(d)). Site must post procedures for receiving notices of infringement, have no advance knowledge of infringing material and remove infringing material on request.

Open Source Software

Open Source Software ("OSS") is an approach to the design, development and distribution of software whereby the software source code is distributed pursuant to an license which permits third parties to use the software and to develop new software based on the open source software free of charge. The most recent incarnation of one such widely accepted license is referred to as the General Public License, version 3, or "GPLv3."

Benefits of OSS include saving approximately $60 billion a year for consumers, creating developer loyalty, enhancing corporate positioning and image, providing competitive advantages, offering inexpensive development and faster innovation.

Drawbacks of OSS include lack of exclusive ownership or control of OSS-derived software, lack of testing, late defect discovery, inability to design a commercially viable business selling OSS-derived software (since a condition of the OSS license is that OSS-derived software cannot be sold) and potential security problems since hackers know a system's weaknesses and loopholes. *See*, *Jacobson vs. Katzer*, 535 F 3d 1373 (Fed.. Cir. 2008) affirming contractual restrictions on modification and

distribution of OSS.

Dos and Don't's of Open Source Software

DO:	**DON"T**:
Consider using OSS for the benefits listed above.	Violate the terms of the General Public License.
Learn and respect the terms of the General Public License ("GPL") policed and enforced by the Free Software Foundation in Europe as well as the U.S.	Build a commercial software product based on OSS
Recommend risk assessment and possibly insurance against open source liability in connection with acquisitions of companies selling software	Acquire software or companies that sell software without performing due diligence on OSS
Consider the implication of OSS on patent rights as well as copyrights.	Grant or rely on any warranties (express or implied) based on OSS.

Greg Victoroff is a partner with Rohde & Victoroff in Los Angeles. Since 1979, Mr. Victoroff's practice has involved negotiating music, book publishing, movie, recording, software, web design and fine arts contracts and handling trials and appeals in state and federal courts. He often serves as a legal consultant to documentary films and network reality programs on clearance and intellectual property issues. Mr. Victoroff is a frequent author and speaker on protection and enforcement of intellectual property rights on the Internet. He is past president of the Beverly Hills Bar Association Barristers and former chair of its Committee for the Arts. He serves on the statewide Advisory Board of California Lawyers for the Arts. For his pro bono volunteer legal services Mr. Victoroff has received awards from the American Bar Association, the Beverly Hills Bar Association, the Boy Scouts of America, the Urban League, and former Los Angeles Mayor Tom Bradley. In 2008 he received the first Artistic License Award presented to an individual attorney from California Lawyers for the Arts.