

The Basics of Copyright Law

Just Enough Copyright for People Who Are Not Attorneys or Intellectual Property Experts

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This article originally appeared in the California Bar Journal as an educational piece for attorneys not expert in intellectual property law, but is suitable for non-attorneys as well.

You have been helping a client set up her consulting business for failing bookstores (Speak Volumes Recovery Group), and she mentions that she has developed a PowerPoint presentation and hand-outs for use in their seminars. “Do you think we should trademark or copyright these materials?” she asks. “We’re really jazzed about the slides; we made them much more exciting by using a lot of photos we found on the internet. Also, the manuals we give our customers include some great ideas we’ve developed about bookstore inventory control — the copyright will keep our competitors from using our ideas if we register the manual, right?”

“Well,” you respond, “ummm... ahh.... Let me think about that.” (Maybe you should have taken that intellectual property course in law school after all!)

No mind; not too late. Copyright issues can arise in any practice, but you don’t need to become an expert in the most sophisticated and arcane aspects of the practice in order to answer some basic questions. This article seeks to provide you with just enough copyright law to understand the fundamentals and address the key issues.

JUST WHAT IS A COPYRIGHT?

Copyright refers to the rights of authors in works of authorship — as distinguished from patents (whose subject matter is inventions), trademarks (which concern symbols of an enterprise’s reputation and goodwill) and trade secrets (information whose value derives from being kept secret).

Copyright protects the *expression* in a work of authorship against *copying*. Copyright law does

not protect the underlying ideas embodied in a work; neither does it protect against independent development.

Basic copyright protection is automatic, essentially free, and more or less world-wide in scope. Although people often speak of “copyrighting” a work or “obtaining a copyright,” these are misnomers. The copyrights in any original work of authorship come into existence automatically, without further action, as of the moment of “fixation” of the work. Registering a work with the U.S. Copyright Office and marking a work with a copyright notice are not required, and failure to do so does not result in loss of the basic rights of copyright holders.

COPYRIGHT REQUIREMENTS

There are three basic requirements for copyright protection: that which is to be protected must be a *work of authorship*; it must be original; and it must be fixed in a tangible medium of expression.

1. The Work of Authorship Requirement

What is a work of authorship? The subject matter of copyright embraces a wide range of works, whether published or unpublished, including:

- Literary or textual works of all kinds (including novels, short stories, biographies, articles, news stories, poems, outlines, letters, email messages, etc.).
- Pictorial, graphic and sculptural works (including sketches, paintings, photographs, drawings, designs, etc.).
- Musical, dramatic and choreographed works (songs, telephone ring tones, plays, TV shows).
- Sounds recordings (performances of songs, public speeches, books on tape).



- Computer programs, most websites, and various other digitized works.

2. The Originality Requirement

“Originality” is a constitutional requirement, but it is a minimal requirement under copyright, not comparable to the “nonobviousness” standard for a patent. A hackneyed or trivial work can be original enough for copyright protection, so long as it is not copied from an earlier work and so long as it contains a tiny spark of creativity. What would represent *insufficient* creativity? Arranging the names in a telephone directory in alphabetical order.

3. The Fixation Requirement

A work must be “fixed,” under copyright law, to enjoy copyright protection. This does not mean it must be the final or a well-considered version of the work. Rather, the term simply refers to the requirement that an embodiment of the work be set down or “fixed in a tangible medium of expression” for a more than transitory period. A draft of a novel on paper, the “rushes” from a film before editing, the beta version of a computer program on a CD-ROM disk, a snapshot on film or a digital camera’s flash memory, all are “fixed” works within the meaning of copyright law. But the most brilliant and creative improvisation is not “fixed” if unscripted and unrecorded.

BENEFITS OF REGISTRATION WITH THE U.S. COPYRIGHT OFFICE

Registration, though not required for basic copyright protection, has important advantages: Registration is necessary if you want to (i) record security interests in a copyright, (ii) ask U.S. Customs to block infringing goods from being imported into the country, (iii) benefit from the (rebuttable) presumption that all facts stated in the registration certificate, including ownership, are true or (iv) be eligible for statutory damages and attorneys fees.

In cases in which the infringement begins after registration or within three months of publication, the registrant is entitled to statutory damages — damages awarded without need of evidence of harm to the plaintiff or unjust enrichment of the defendant — in

a discretionary amount between \$750 and \$30,000 per infringed work (increased to as much as \$150,000 per infringed work in cases of willful infringement). The plaintiff is in any event always eligible for actual damages or infringer’s profits if they can be proven.

Registration is also required (v) as a condition for filing a copyright infringement lawsuit. The registration is just the ticket for getting into court, however; you can register and sue even if you had not registered before you learned of the infringement. Also, it is not uncommon for plaintiffs to file a complaint and attach a registration application, and then to substitute the actual registration certificate later.

The form is a simple one and the registration fee, relatively trivial. Some works, like computer software and web sites, can pose more difficult issues, and a lawyer’s help may be needed for them. The Copyright Office’s examination of the application is largely ministerial, and it does not engage in the kind of substantive review characteristic of patent and trademark applications.

OWNING A COPY VERSUS OWNING A COPYRIGHT

Although a work must be fixed in order to be protected, the copyright in a work is not the same as the physical medium in which the work was fixed. It follows that owning a “copy” of a work (even, for example, the original of a painting) is not the same thing as owning the *copyrights* in the work. The owner of a lawfully transferred copy (or original) therefore does not own the copyrights, in the absence of an express copyright assignment in writing.

THE RIGHTS OF COPYRIGHT HOLDERS AND LIMITING DOCTRINES

Under the Copyright Act of 1976 (and international copyright law), the copyright holder owns a bundle of rights. The copyright owner is the only one who has the right to

- reproduce the work in copies;
- prepare derivative works based on the original work;

- distribute copies to the public; or
- display and perform the work publicly.

Although the copyright holder owns these exclusive rights with respect to a work, there are still limits on the *scope* of the rights. These are the principal limiting doctrines:

- Copyright does not protect against independent development, only against copying. Thus, if you and I each independently write identical sonnets, without any copying, each of us owns a copyright in our own work notwithstanding who came first or that the works are the same.
- Copyright does not protect ideas, only the way the ideas are expressed. This is often referred to as the “idea — expression ‘dichotomy,’” although the distinction is really more of a continuum.
- Copyright does not protect individual words and short phrases.
- Copyright does not protect procedures, processes, systems, concepts or methods of operation that are embodied in works; only the particular way they are expressed.
- If there is only one or very few ways to express an idea, the expression is deemed to be “merged” with the idea and it is not protected against copying. This “merger” doctrine prevents copyright from being used to monopolize ideas.
- “Standard treatments” of a subject within a genre of works (known as “scenes a faire”) are not protected. (Example: the gun duel on a dusty main street in a cowboy movie.) The scenes a faire doctrine bars protection for features or elements of a computer program that are dictated by “externalities” such as the purpose of the program, standard programming practices, the requirements of the relevant computing environment, etc.
- Copyright does not protect “facts” or data. But the selection and arrangement of facts (e.g., in databases) can be protected as a “compilation.” In that event, copying the underlying facts is not an infringement, so long as the creativity residing in

selecting or arranging the facts is not appropriated by the copier. Thus, extracting facts or data from a web site (so-called “screen scraping”) is usually not a copyright violation. (Keep in mind, however, that it might nonetheless violate the web site’s terms of use (which may or may not be enforceable under contract law). And if automated software “robots” or “spiders” were used to collect masses of data from a web site, the owner of the site might also assert a state law claim for “trespass to chattel.”)

OWNERSHIP AND TRANSFER OF COPYRIGHTS

The author initially owns the copyrights in a work. The author is either the individual who wrote or created the work or (under the “work made for hire” doctrine) her employer, if the work was created by an employee within the scope of her employment. 17 U.S.C. §§ 101, 201(b). With only a few narrow exceptions (see part (2) of “work made for hire” definition in 17 U.S.C. § 101), when a consultant creates a work of authorship, he or she is the author and owns the copyrights in the work even if someone else specifically commissioned and paid for the work.

When two or more individuals contribute parts intended to be united into a single, unitary, indivisible work (e.g., the music and lyrics of a song, or the analytical software engine and user interface of a computer program), they are considered joint owners of the copyright in the work. Unless they contract otherwise, each has the power to exploit the work (and each may license third parties’ use of the work) without the permission of the other joint owner, subject only to an obligation to account to the other party for profits.

Copyrights can be transferred only by an express assignment in writing. This requirement governs exclusive licenses as well as assignments of the entirety of a copyright.

COPYRIGHT INFRINGEMENT

The unauthorized exercise by a third party of any of the exclusive rights of copyright holders, such as copying, is copyright infringement. There is no bright

line test for how much is too much copying. But actionable copying is commonly presumed when the defendant had access to the original work and — after setting aside ideas or other elements of a work that are not protected — what is left is “substantially similar” to the original work. For works that enjoy only “thin” copyright protection (such as, for example, representational sculptures of real creatures), infringement will not be presumed unless the works are “virtually identical” or the defendant has “bodily appropriated” the original.

SECONDARY LIABILITY

One can be liable for the infringing acts of third parties under three distinct doctrines. Liability for *contributory infringement* attaches if (i) with knowledge of the infringing acts, someone (ii) materially contributes to the infringement. *Vicarious infringement* lies if the defendant (i) had the right and power to control the infringing activity and (ii) received a direct financial benefit from it. Finally, one is liable for *inducement of copyright infringement* if it can be shown that one (i) distributed a device or technology with (ii) the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement.

DEFENSES TO COPYRIGHT INFRINGEMENT: FAIR USE

Even if a work is copied in whole or in part, a *prima facie* infringement will not mature into liability if an affirmative defense such as fair use applies. Section 107 of the Copyright Act of 1976 mentions “criticism, comment, news reporting, teaching, scholarship, or research” as examples of fair use purposes. But all such uses are not necessarily deemed “fair use,” and the statute directs courts to consider four factors to decide whether a particular use is fair:

- Purpose & character of use (e.g., commercial, educational, and particularly including whether the use is “transformative” — whether the new work is imbued with new purpose, expression, meaning or message);

- Nature of copyrighted work (copying of factual works is more likely to be deemed fair use than copying of creative or fictional works);
- Amount and substantiality of what was taken (it militates against fair use to take the entirety of the work or more than needed for the claimed fair use purpose); and
- Effect on the potential market for or value of the copyrighted work (it tends to go against fair use if the new work is a substitute for the demand for the original work).

EXAMPLES OF FAIR USE

Cases have held that it represented fair use, and therefore was not an infringement of copyright, for defendants to:

- Copy numerous features of the original work in order to create a parody that ridicules the original;
- Use “thumbnail” copies of photographs on a website as part of a visual search engine;
- Copy and display photographs when the photos themselves are the subject of commentary or a public controversy;
- Copy television programming for purposes of “time-shifting” (make temporary copies so the consumer can view the programming later);
- Copy the full text of millions of books, when the texts are not made available to end-users for reading, but are only used for data mining or to enable searches to locate small excerpts from the books.
- Transfer digital copies of recorded programming, which consumers lawfully possess, to their mobile devices;
- Reverse engineer and copy the code of a game program, as an intermediate step, when that is required in order to understand the functional specifications of the work and when those functional specifications are needed to prepare new, compatible, non-infringing games to operate on the same platform.

AFFIRMATIVE DEFENSES: COPYRIGHT MISUSE

The use of the copyright to secure (i) an exclusive right or limited monopoly (ii) not granted by the Copyright Office and which is (iii) contrary to public policy constitutes copyright misuse. Cases have therefore held it to be misuse to impose terms in a copyright license that require the licensee to agree not to create new, non-infringing works of the same genre, to agree not to purchase competing non-infringing works from third parties, or to agree to limit access to the work in a way that precludes the creation of new, non-infringing works.

The copyright misuse defense can be asserted by a defendant who was not a party to the misuse-embodiment license or contract. Misuse does not invalidate the copyright, but renders it unenforceable for the period of misuse and until the results of the misuse are purged.

AND ABOUT SPEAK VOLUMES RECOVERY GROUP...

Getting back to your client, you can now explain—

That copyright, not trademark, is what protects their PowerPoint presentations and handouts, and the advantages of registration;

That copying photos off the internet is likely copyright infringement, and they need to license rights to the photographs useful in their business; and

That copyright law won't prevent SVRG's competitors from using the ideas contained in the SVRG manual, though it may perhaps be possible to protect the company's ideas through a business method patent or as trade secrets.

But those are subjects for another day.

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