INTELLECTUAL PROPERTY TRANSACTIONS

Alert January 2012

Supreme Court Upholds Restoration of U.S. Copyright Protection for Foreign Works in the Public Domain

If you confront the question whether a foreign book, movie, song, artistic work, or other work of authorship is still in copyright in the U.S. or whether such a foreign work is being infringed in the United States, take note of a major new Supreme Court decision, *Golan v. Holder*.[1]

In *Golan*, the Court upheld a 1994 statute "restoring" the copyright in certain foreign works that hadn't previously been protected in this country. The statute, the Uruguay Round Agreements Act (URAA)[2], shifted three categories of works out of the public domain and into U.S. copyright: (1) works from countries that lacked copyright reciprocity with the United States when first published, (2) works where the foreign author had failed to observe "formalities" previously required in the United States, such as affixing a copyright notice, and (3) foreign sound recordings made before U.S. copyright law began protecting them in 1972.[3]

The URAA restored works only if they were still in copyright in their home countries on the effective date of U.S. restoration, January 1, 1996. Moreover, the works were restored only for the remainder of the period the works would have enjoyed in the United States had they never been in the public domain here. (In most cases, that period runs until 95 years after the work was first published.) The works were not given additional time to compensate for the time they were not protected by copyright. The statute also offered several accommodations to ease the transition for "reliance parties," i.e., those who had exploited the works while they were in the public domain. Those accommodations included a grace period before restoration took effect, the privilege to continue freely exploiting a restored work until receiving constructive or actual notice from the restored copyright owner (and for a limited period after notice), and, subject to payment of a "reasonable royalty," a privilege to continue exploiting derivative works based on restored works.

Why would Congress want to take works out of the public domain? The short answer is treaty obligations. In fact, Congress was obligated to implement restoration upon joining the Berne Convention in 1989. But at that time Congress made only the minimal changes necessary to meet Berne's eligibility requirements—no formalities as conditions to copyright protection and a term of copyright that extended at least 50 years after the death of the author. It failed to implement the requirement in Article 18 of Berne that each member country extend copyright protection to foreign works if those works were still protected by copyright in their countries of origin. The reluctance to comply with Berne's Article 18 was undoubtedly rooted in the fact that it meant providing copyright protection to foreign works that was not offered to U.S. domestic works in similar circumstances. Contributing to the failure to comply was the United States' knowledge that the Berne Convention had no enforcement mechanism. That changed when the 1994 "Uruguay Round" of trade negotiations (under the GATT) gave birth to the World Trade Organization (WTO) and its Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). TRIPS incorporated Berne's requirements as well as the requirement to protect pre-1972 sound recordings and made them subject to WTO enforcement proceedings. Only then, in 1994, to avoid WTO trade sanctions, did Congress move to restore the foreign works.

In *Golan*, orchestra conductors, musicians, publishers, and others who had enjoyed free access to the restored works challenged Congress's authority to enact URAA under the Constitution's Copyright Clause and under the First Amendment.[4] Essentially following its reasoning in *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (upholding the 20-year extension of the copyright term against a similar constitutional challenge), the Court upheld the URAA. It concluded that the Copyright Clause, as corroborated by the historical record showing many instances where Congress had taken works out of the

public domain, gives Congress broad power to design a copyright system that, "overall, in that body's judgment," achieves the purpose of promoting the "Progress of Science,"[5] meaning knowledge and learning. In doing so, it rejected the dissent's reading of the Copyright Clause that permits legislation only if it is aimed directly at the creation of new works of authorship.

The Court also dispensed with the First Amendment arguments, finding that the "traditional contours" of copyright protection—the idea/expression dichotomy (codified in 17 U.S.C. §102(b)) and the fair use doctrine (id. §107)—"are recognized in our jurisprudence as built-in First Amendment accommodations" (internal quotes omitted). In other words, copyright law, which protects expression, not mere facts and ideas, does not interfere with the speech related to ideas protected by the First Amendment. And the fair use doctrine was codified in the Act expressly to facilitate the use of works protected by copyright for purposes protected by the First Amendment such as "criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research."[6]

The *Golan* decision leaves in place an intricate statutory scheme governing restored works. Dealing with restored works means navigating the many definitions, rules, and exceptions in the law, not to mention the implementing regulations issued by the Copyright Office. For instance, merely to qualify as a "restored work," a work of authorship not only must have originated in a "source country" that qualifies as an "eligible country" (two terms defined in yet further detail), but the work must also not have been published in the United States within 30 days following its publication in the source country.[7] Likewise, there are detailed Copyright Office regulations spelling out the procedures for issuing a "Notice of Intent to Enforce" a restored copyright—known as an "NIE"—to a reliance party that began exploiting the work before restoration. In sum, this is dense terrain.

For help in assistance with copyrighted foreign works that may have been restored by the URAA (e.g., copyright status of foreign works, determining the owner of a restored foreign copyright, rights of reliance parties, enforcing the copyright in a restored foreign work), or any other issue related to restoration, please contact one of the attorneys listed below. ◆

Endnotes

1 No. 10-545, 565 U.S. — , 2012 WL 125436 (Jan. 18, 2012) (decided 6-2 (Kagan, J., not participating)). Footnote 2 cited an amicus brief submitted by this Firm (Gloria C. Phares and Miriam Gedwiser on the brief) on behalf of the International Publishers Association, the International Federation of Scholarly Publishers, the International Association of Scientific, Technical & Medical Publishers, Börsenverein des Deutschen Buchhandels e.V., the International Federation of Reproduction Rights Organisations, and the Copyright Clearance Center.

2 17 U.S.C. §§ 104A, 109(a).

3 Technically, "restored" is a misnomer for the many works that never had been protected by U.S. copyright because of lack of U.S. copyright relations or lack of subject-matter protection, but "restoration" is the term used in the URAA.

4 Petitioners sued in 2001, but their appearance in the Supreme Court was delayed by litigation relating to a challenge to the Copyright Term Extension Act, 112 Stat. 2827, which was dismissed after the Supreme Court decided that issue in *Eldred v. Ashcroft*, 537 U.S. 186 (2003), and two appeals to the court of appeals on the remaining issues. 501 F.3d 1179 (2007), and 609 F.3d 1076 (10th Cir. 2010).

5 U.S. Const., Art. 1, § 8, cl. 8.

6 17 U.S.C. § 107.

7 17 U.S.C. § 104A(h)(6).

If you would like more information about this alert, please contact one of the following attorneys or call your regular Patterson contact.

Daniel C. Glazer	**212.336.2523**	**dcglazer@pbwt.com**
Gloria C. Phares	**212.336.2686**	**gcphares@pbwt.com**
Karen R. Berry	**212.336.2545**	**krberry@pbwt.com**
Daniel H. Hantman	**212.336.2377**	**dhantman@pbwt.com**
Eric P. Rasmussen	**212.336.7896**	**erasmussen@pbwt.com**