

To: ALI Restatement of Copyright Reporters
Subject: Comments on PD5 [black letter and comments]
Date: March 27, 2020
From: Jane Ginsburg and June Besek¹

Note: References in this memo are to Preliminary Draft No. 5 (Feb. 13, 2020) (“PD5”) (internal page numbers).

General Comments

We appreciate the considerable work that has gone into PD5, and believe that several of its provisions and Comments accurately quote or state and explain the law. Nonetheless, PD5 manifests several of the earlier drafts’ shortcomings. We remain particularly concerned that the relationship of this draft to the statute remains highly inconsistent, not to say erratic. We are not sanguine that our oft-repeated calls that the Reporters and ALI devise a consistent and transparent methodology for restating a statute will finally be heeded. (To the extent there is a guiding principle behind this Restatement, and PD5, it often appears to be to construe the Copyright Act and the caselaw to minimize the existence and scope of copyright protection.) But we and other Advisers will keep urging the articulation of a coherent approach to restating the Copyright Act because we are convinced that continuing to carry on without clear methodological principles will undermine the utility of this project and the credibility of the ALI.

Substantive statutory provisions missing from the black letter of PD5

The following subsections of the Copyright Act pertain to matters covered in PD5, but they do not appear in the black letter, and sometimes not even in the Comments

Section 2.01(c), on ownership of contributions to collective works. This statutory norm is missing from the black letter of section 3.01. It appears in comment c, which promises that “rules . . . are detailed in § 3.08 of this Restatement.” But the statutory text finds no echo in the black letter of section 3.08 either. Rather, it shows up in comment j to that section. It is not appropriate to relegate statutory text, and particularly not statutory text that has been the object of Supreme Court interpretation,² to comments.

Sections 203(b)(1) and 304(c)(6)(A) and 304(d)(1), concerning rights in derivative works after termination of a grant, are missing from black letter 3.10, other than by general reference in 3.10(f). They are discussed in comment l to section 3.10. It is not apparent why PD5 (and other drafts) incorporate some statutory provisions by reference, but leave others out, such as sec. 201(c), see *supra*.

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² See *New York Times Co. v. Tasini*, 533 US 483 (2001).

Section 104A on the duration of copyright in foreign works whose copyrights have been restored, and section 1401(a)(2) on the duration of rights in pre-1972 sound recordings, are missing from PD5's black letter on duration of copyright; duration of pre-1972 sound recordings is also missing from any comments accompanying the sections on duration. Section 302(e) establishing presumptions as to the author's death is missing from the black letter of section 5.02 (it is referenced in comment d to section 5.01 and h to section 5.02).

Section 6.02(b) concerning seizures by the Customs service of infringing importations is omitted from the black letter on the distribution and importation rights.

Apart from fair use and the first sale doctrine, we know neither which exceptions and limitations the Restatement will cover nor why or why not (see comment b pp. 76-77)

What is the principle according to which PD5 picks and chooses among provisions of the Copyright Act? We are not saying that the Restatement must reproduce every provision of the Copyright Act, but we believe it is incumbent on the Reporters – and on the ALI – to articulate criteria for including some provisions but not others; the *real* “black letter law,” after all, is the *statute*.

Specific Comments and Suggestions³

Section 3.01(f)

Page 1, lines 18-19: PD5 elevates to black letter status a topic absent from the Copyright Act and supported by only the slimmest of other authority. Black letter 3.01(f) and 3.11 provide for “abandonment” of copyright, but there is nothing either in the Copyright Act or in substantial case law on this issue. Our comments on section 3.11, *infra*, will explain why such authority as is cited does not support a black letter rule. Sections 3.01(f) and 3.11 are aspirational and should not be in the black letter.

Section 3.08

Page 5, section 3.08 (d): “A nonexclusive license does not prevent the owner of the licensed right . . .” This is confusing: do you mean “does not prevent the licensor”?

Page 5, lines 13-14 (subsection (e)): Is a nonexclusive license non transferrable even if the purported transfer of the nonexclusive license is part of the sale of the licensee's business?

Page 6, comment c, line 8: After “unwritten” insert “or unsigned.”

Page 7, illustration 1, line 16: After “license” insert “signed by the licensor”

Page 8, comment e, line 19: After “written” insert “and signed”

³ We collect and correct typographical errors in an Appendix to these Comments

Page 8, comment e, line 26: Before “writing” insert “signed”

Page 9, illustration 6, line 18: At the end of the last line insert “and Songwriter A will have to account to B for whatever C paid A.”

Page 11, illustration 7: The facts are unclear. Did the songwriter create the music, the lyrics, the sound recording or all 3?

Page 12, comment h, lines 4-7: What facts in *Gracen* support authority to sublicense? *Gracen*’s statement re authority for Bradford to sublicense the rights it got from MGM provides little analysis to support its conclusion that Bradford “though not expressly authorized to sublicense [MGM’s] copyright in this way, there can be no serious doubt of its authority to do so.” Its reasoning apparently relies on the particular facts of the case but it’s a weak basis for a broader conclusion.

Section 3.10

Page 28, illustration 1, line 17: Add that rights reverted to author or heirs upon renewal.

Page 31, comment i, line 21: The Second Circuit has stated that the effect of the inalienable nature of the sec. 203 termination right is to make the maximum undisturbed duration of a grant to be 35 years, since the duration of any grant past the outset of the termination period is subject to the author’s unwaivable right to effect termination. See *Ennio Morricone Music Inc. v. Bixio Music Group*, 936 F. 3d 69, 73 (2d Cir. 2019) (“The maximum total duration permitted by the laws of the United States is thirty-five years plus such additional period as the assignor allows until the exercise of the option to terminate.”).

Section 3.11

Page 43, 3.11 (a): Are these the *only* circumstances that stand in the way of abandonment? What if the abandoning copyright owner has a co-owner? Absent an agreement to the contrary, one co-owner’s disposition of her rights cannot compromise the other co-owner’s exercise of her rights, including the right to grant them exclusively, once there is no other co-owner whose agreement to seek. We suggest clarifying that one joint author can abandon her own rights, but not those of her co-author(s).

Page 43, lines 30-31: The draft cites the ability to record in the Copyright Office (see Compendium of Copyright Office Practices at sec. 2311) as an example of “abandonment.” Section 2311, however, limits the effect of the provision: “The Office will record an abandonment as a document pertaining to the copyright without offering any opinion as to the legal effect of the document.”

Page 45, illustration 4: Why is it presumed Publisher owns *all* rights just because Author failed to terminate? Publisher’s rights with respect to the work are those transferred to it under the publishing contract. If Publisher has obligations to Author (e.g., to pay royalties, or to revert rights upon Author’s request if the novel is not in print, etc.), Publisher does not own all rights, so it may not abandon. Also,

Author may have retained e-book rights, or foreign rights, etc. and Publisher's actions might violate a specific contractual provision re competition, or contravene a provision re good faith and fair dealing, etc.

Section 5.01

Regarding restored works, the black letter and comment f neglect to specify that US copyright is restored only if the copyright in the foreign work's country of origin has not yet expired on the date of US restoration. See 17 USC sec. 104A(h)(6)(B) (definition of restored work; the work "is not in the public domain in its source country through expiration of term of protection").

Section 5.02

Page 58, comment d, lines 11-15: "so long as at least two co-authors of the work did not work for hire" Where does this come from, and why does it not suffice that one co-author was not an employee for hire, as to that author's termination right? If the other co-creators were employees for hire, they had no rights to grant. The only granting author would be the creator who is not an employee for hire. The Copyright Act, sec. 203(a)(1) requires that termination be made not by a majority of authors (or creators) of the work, but by a majority of the authors who effected a particular grant, see *Scorpio Music S.A. v. Willis*, 102 U.S.P.Q.2d 1606 (S.D. Cal. 2012).

Page 58, line 17: "authors" should be "creators." If it was a work made for hire, the creators are not authors.

Section 5.03

Page 65, Black letter 5.03: There is no mention of pre-1972 sound recordings, whose term of protection needs explanation, especially in light of the Music Modernization Act.

Page 65, comment b: It would be appropriate to mention the concept of limited publication, and how and why the concept arose.

Section 6.01

Page. 76. Subsection (d), lines 1-2: the formulation of this black letter, "certain authors," is not quite accurate. If the work is a "work of visual art," then its author enjoys rights of attribution and integrity. While any author of a "work of visual art" is so vested, not all works of art are "works of visual art" as defined in the statute.

Page 76, line 23, Section 108 does not authorize only distribution, but in several instances copies and distribution. See, e.g., sec. 108 (b), (c), (d), (e).

Section 6.02

Page 79, comment b, lines 21-30: this misconstrues the statutory text. The “it” in the statutory definition – “a work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced or otherwise communicated for a period of more than transitory duration – refers to the *work*, not to the *embodiment*. The “embodiment” can’t be “otherwise communicated,” because a transmission will not communicate a particular embodiment. Similarly, if the initial embodiment is further reproduced and immediately destroyed, then the initial embodiment may not endure, but the work can be perceived or further communicated for a period of more than transitory duration.

We also point out, notwithstanding the Reporters’ Memorandum of March 17, 2020, that the “enjoyment or exploitation” “standard” is *not the law*: it is not in the statute, it has no caselaw support, it is an invention of the Reporters, and merely exacerbates the gap between the Restatement and the positive law, to the ultimate discredit of the ALI.

Page 80, illustration 2, lines 17-18 and illustration 3, lines 26-27: Same objection as above.

Section 6.04

Page 89, comment d, lines 13-14: This sentence appears to minimize the significance of the making available right, and disregards the importance of complying with international obligations.

Page 89, comment e, lines 28-29: “Courts have not given any interpretation of who constitutes the public.” Not quite: See *ABC, Inc. v. Aereo, Inc.*, 573 U.S. 431, 433-34 (2014) (deriving a definition of “the public” in the transmission right from the “substantial number of persons outside of a normal circle of a family and its social acquaintances” in the definition of “to perform or display a work publicly” in section 101 of the Copyright Act).

Section 6.05

The black letter or the comments should make clear that the first sale doctrine does not apply to copies lawfully made abroad by a foreign copyright owner. For example, a British publisher prints and sells copies of a novel in the UK. It licenses exclusive rights to publish and sell copies in the US to a US publisher. The US licensee publisher may prevent the importation of copies made and purchased in the UK. The UK copies may have been lawfully made under UK law, but, unlike the situation in *Kirtsaeng*, they were not made under the authority of the US copyright owner.

Section 6.06

Page 102 sec. 6.02(b): this formulation of the black letter is very unclear. Do you mean that the first sale doctrine applies only to copies that have been sold (or whose ownership has otherwise been transferred), and not to copies where only possession has been transferred, for example by rental, lease or lending?

Page 102, sec. 6.06: It would be appropriate to say in the black letter that the first sale doctrine pertains only to the disposition of already-made physical copies and not to the creation of new copies.

Page 102, comment a, lines 21-30. Two points. First, the limitations in sec. 109 to rights under sec. 106 (4) and 106 (5) are very narrow; they relate to “electronic audiovisual game[s] intended for use in coin-operated equipment.” Sec. 109 (e). If these exceptions are worthy of mention at all (given that PD5 gives scant attention to many other exceptions), the text of PD5 should make clear their limited scope.

Second, the discussion of copyright restoration and its legal implications appears in various places in the draft, including here. It would be much clearer to explain the law and why it was passed in one place, and then where necessary, explain the treatment of restored works in the statute and refer back to the underlying explanation.

Appendix to Comments of Jane Ginsburg and June Besek to PD5

(typos and small non substantive points)

Section 3.11

Page 43, comment a, line 13: change “art” to “act”

Section 5.03

Page 69, first line: “clue” should be “due.”

Page 71, illustration 2, lines 28, 30: Will DVDs still exist in 2101?

Page 72, illustration 3, line 30 and page 73, line 3: Same question re existence in 2115 of DVDs.

Section 6.02

Page 84, line 25: should be principles

Section 6.04

Page 86, line 23: Should be “That definition. . . .”