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Professor David Levi
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Council Members, American Law Institute
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Via posting to Project page and email to Stephanie Middleton: smiddleton@ali.org

Dear Professor Levi and Council Members:

We understand that the ALI Council will consider Council Draft 3 (CD3) of the Restatement of the Law, Copyright (Copyright Restatement) project at its meeting on October 17-18, 2019. The Council may not appreciate how controversial a project this is: the U.S. Copyright Office, the U.S. Patent and Trademark Office, the American Bar Association's Section of Intellectual Property Law, the New York City Bar Association's Committee on Copyright and Literary Property, academics and other Advisers and Liaisons have expressed serious concerns about this and previous Council Drafts and Preliminary Drafts; indeed, the Register of Copyrights deplored the project as a "pseudo version" of the copyright law.¹ The broad-based criticisms the project has incurred should urge the Council to proceed with great caution.

We and other Advisers have commented extensively on the Restatement drafts to date. Although CD3 addresses some of those comments, significant problems persist. We will address three in the main body of this letter, and place the remainder of our comments in an Appendix. The principal problem remains the inconsistent and occasionally arbitrary relationship of the black letter to the statutory text. Another problem concerns the Reporters' whole-cloth invention of a "test" to determine when a work has been "fixed" long enough to come within the subject matter of copyright.

ALI Director Ricky Revesz stated earlier this week:

[A]lthough Restatements are addressed *to* courts, Restatement black letter speaks in the voice *of* a court. This approach makes it easier for courts to adopt the ALI's

¹ Letter from Karyn Temple Claggett, then-Acting Register of Copyrights, to The American Law Institute (Jan. 16, 2018); reiterated in Copyright Office comments on CD2 (Oct. 16, 2018).

articulation of a rule, simply by importing the black letter directly into a judicial decision.²

This statement makes perfect sense when the ALI is restating common law rules. It translates very imperfectly to the restatement of a statute. ALI's articulation of a law should not substitute for the statute. But CD3, whose black letter frequently is incomplete and misleading, demonstrates the difficulties of the enterprise. ALI's aspiration for courts to quote directly in their opinions from the black letter makes it imperative that the black letter be clear, complete, and consistent with the statute.

A. The inconsistent and occasionally arbitrary relationship of the black letter to the statutory text.

CD3, regrettably, continues to reflect the ALI's and the Council's lack of guidance in articulating clear principles and methods for how to draft a Restatement of a federal statute. Along with other Advisers, we continue to urge the Council to devise principles and methods that could apply not only to a Restatement of the Copyright Act, but also to future Restatements of statutes, lest future endeavors produce similar inconsistencies that can only heighten the potential for unpredictability and contentiousness in the drafting and advising process.

Even if the ALI persists in declining to articulate general guidelines for statutory Restatements, preferring case-by-case (or trial-and-error) development of an Institute methodology, it remains necessary to confront the serious problems CD3 continues to evidence in its approach to drafting. CD3's black letter somewhat more fully incorporates the text of the Copyright Act than did its predecessors. But it persists in omitting entire subsections of the Act, demoting them to Comments, as well as quoting selectively from others. A statutory "Restatement" should not be a "Greatest Hits" of the Copyright Act, nor a selection of those sections the Reporters prefer or find most "quotable."

For example, the Reporters, at last begrudgingly bowing to the frequent admonitions of the Advisers not to paraphrase the initial statutory provision on copyrightable subject matter by eliminating the essential term "copyright *subsists*," have now inserted that statutory term in the black letter. But they continue to rebel against the statutory text by lamenting in the Reporters' Memorandum, page xv, that employing Congress' formulation makes the black letter "somewhat less quotable by courts." This is a deeply problematic statement, since it implies that the Restatement should aim for quotability over fidelity to the statute. (The Director's Oct. 9 statement unfortunately reinforces the preoccupation with quotability.) Statutory text is *operative language*; the Restatement should not be an easy reading substitute for Congress' enactments.

As we show immediately below, CD3 frequently fails to incorporate clear and specific statutory rules into the black letter. In all these instances, express statutory rules have been demoted to Comments. Regardless of the accuracy of the Comments' description of these rules, Congress has explicitly enacted the black letter-omitted texts as Rules; they are not interstitial concepts derived from the legislative history or judicial interpretation. It is not appropriate to treat these statutory mandates as mere glosses.

For example, black letter section 1.03(c) leaves out half of the statutory text in 17 U.S.C. §103(b)

² Richard L. Revesz, "Toward Clearer Guidance on Drafting Principles of Law," (Oct. 9, 2019) (emphasis in original), available at <https://www.ali.org/news/articles/toward-clearer-guidance-drafting-principles-law/>

on the scope of protection for derivative works. Statutory language omitted from the black letter appears in red.

Black letter:

§ 1.03. Works Incorporating Preexisting Material: Derivative Works

...

(c) The scope of copyright protection for a derivative work extends only to the original expression contributed by the author of the derivative work, and not to the underlying work or works on which it is based.

Statute:

§103. Subject matter of copyright:

Compilations and derivative works

...

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the **preexisting material** employed in the work, and does not imply any exclusive right in the **preexisting material**. **The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.**

Comment *a* to CD3 section 1.03 acknowledges the remainder of what Congress enacted (in red, above), but truncating the statute in the black letter disregards how Congress in section 103(b) took care to spell out all the ways in which the derivative work is independent of prior works or other preexisting material. Perhaps the Reporters think this precision is implicit in their black letter; we think that the ALI should respect Congress' choice to underscore the ways in which new authorship cannot bootstrap prior content. A similar observation pertains to black letter section 104(d), which also foregoes part of 17 U.S.C. section 103(b).

Black letter section 1.08, on fixation, omits 17 U.S.C. section 101's simultaneous fixation rule. (In general, the fixation provision provoked particularly fraught discussion in Advisers' meetings; we will discuss another problem with the provision in point B. below.) Relegating this statutory rule to Comments conveys a misleading impression of the copyright law. For example, the Reporters state that the Constitutional copyright clause's reference to the "writings" of "authors" requires that a work have been fixed before Congress may protect it. CD3 at 36. But the statutory simultaneous fixation rule reveals Congress' interpretation of the Constitutional grant of authority to encompass not only the power to recognize exclusive rights in already-fixed works, but also in works that were not yet fixed when Congress provided for copyright to attach. Congress therefore has adopted a more flexible interpretation of its Constitutional authority than that espoused by the Reporters.

Black letter section 2.08, although in a chapter regarding scope of protection, omits sections 113(a), 113(b) and 113(c) of the Copyright Act from the black letter rules regarding protection of pictorial, graphic and sculptural works even though these provisions specifically detail the scope of protection of such works.

B. Announcing standards unsupported by statute, caselaw or administrative authority.

A particularly egregious example of playing fast and loose with copyright doctrine concerns CD3's provision on fixation, now section 1.08. Previous iterations of the black letter incorporated a completely invented requirement that the embodiment of a work "last long enough to allow the enjoyment or exploitation of the work's expressive content." See, e.g., CD1, §1.05. This whole-cloth standard provoked an uprising by Advisers, who repeatedly stressed its unfounded nature.³ CD3's black letter at first appears to yield to these strenuous objections, but only to slip the former black letter into Comments *d* and *f* and Illustration 15. Worse, the Reporters' Notes declare these fabricated criteria a "test." No such "test" exists; it is extremely misleading to pass off the Reporter's idiosyncratic approach as if it were some standard widely-applied in caselaw or administrative authority or even derived from a consensus of secondary sources. It is none of these and has no place in a Restatement.

C. Conflation of subject matter and infringement analyses

Black letter and comments in sections 2.06-2.07 of CD3, on "merger" and "scenes à faire," inappropriately import into the analysis of whether a work is copyrightable considerations best addressed at the infringement stage. The confusion of issues risks losing sight of the forest of original authorship for the trees of unprotectable elements. Advisers, including Council member Judge Margaret McKeown, have repeatedly made this point to the Reporters, and she has again raised it in her recently-posted Comments to the Council.⁴ The Reporters nonetheless persist in ignoring this counsel.

We discuss other problematic aspects of CD3 in the Appendix.

Thank you for the opportunity to submit these comments.

Sincerely,

Jane C. Ginsburg⁵

June M. Besek⁶

³ See, e.g., Letter from multiple Advisers on CD1 (January 9, 2018) at Appendix 3-4 ("The Reporters simply manufactured their own definition"; and citing prior letters from Advisers raising concerns about identical language in PDs 1 and 2). See also Letter from ABA Section of Intellectual Property Law on CD2 (Oct. 3, 2018) at 2 (pointing out inconsistencies between statutory definition of "fixation," and the Restatement's "newly-created definition").

⁴ Memoranda to the Council from Judge Margaret McKeown (October 9, 2019), (Nov. 5, 2018) and (Nov. 7, 2016); see, e.g., Letter from Jane Ginsburg and June Besek (Oct. 10, 2018); Letter from Mary Rasenberger, Authors Guild (Oct. 17, 2018); letter from Keith Kupferschmid, Copyright Alliance (Oct. 9, 2018).

⁵ Professor Ginsburg is an Adviser to the Restatement of Copyright project.

⁶ Ms. Besek is the liaison from the American Bar Association's Section on Intellectual Property Law to the Restatement of Copyright project, although the comments expressed in this letter are made in her individual capacity and not on behalf of the ABA Section of Intellectual Property Law.

Appendix⁷

The Restatement drafts convey a narrow, constricted view of copyright law.

CD3 and other drafts of the Copyright Restatement to date provide a narrow, grudging view of the copyright law.⁸ CD3 devotes far more space to explaining all the different ways in which aspects of a copyrighted work (or the entire work) may lack protection than to affirmative discussion of what copyright does protect and why. Accordingly, it provides readers with a skewed version of the law.

CD3's discussion of methods of operation is seriously flawed.

The scope of “methods of operation,” and in particular the treatment of *Oracle v. Google*⁹ and *Lotus v. Borland*¹⁰ in section 2.04 of CD3 remains one of the most widely criticized aspects of the Restatement drafts.¹¹ The U.S. Solicitor General, the U.S. Copyright Office, the ABA Section of Intellectual Property Law, the New York City Bar Association's Committee on Copyright and Literary Property and others have argued vigorously that the “methods of operation” discussion in section 2.04 of CD3 is just wrong.¹² The Reporters have declined to make substantive changes in the earlier drafts, and continue in CD3 to adhere to their much-criticized position. The fundamental disagreement relates to the scope of “methods of operation” excludable from copyright protection. CD3 follows the First Circuit's 1995 holding in *Lotus*, that Lotus's menu command hierarchy is an unprotectable method of operation, regardless of whether it could have been expressed in other ways. *Oracle*, a Federal Circuit case, reaches a contrary conclusion with regard to Oracle's declaring code. CD3's treatment of *Oracle* is dismissive: the Comments make only minimal mention of the case, and never satisfactorily address two apparent conflicts between CD3 and the Copyright Act, discussed below.

First, CD3's interpretation of methods of operation is at odds with section 102(b) of the Copyright

⁷ We confine our comments to the black letter and Comments of CD3, as they are deemed the work of the ALI. We do not address Reporters' Notes, which we understand to be the views of the Reporters and not necessarily those of ALI. See ALI Style Manual (2015) at 35-36, 45, available at https://www.ali.org/media/filer_public/08/f2/08f2f7c7-29c7-4de1-8c02-d66f5b05a6bb/ali-style-manual.pdf.

⁸ See our observations on CD2, in Letter to the Council (Oct.10, 2018) at 3-4 (“C. The Problematic Perspective of the Drafts”). See also Michele Kane, Memorandum to Council re Council Draft 2 (Oct. 15, 2018) at 2 (“Rather than providing a balanced view of copyright, both as a means to promote progress and to provide exclusive rights to authors in their writings, the Draft focuses on exclusions from copyright protection and limitations on the rights of authors.”); Comments of the Authors Guild on CD2 (Aug. 17, 2018) at 1 (“The objectivity that we had hoped for in this project despite the personal views of the Reporters has not transpired. Despite feedback and commentary from advisors and others involved in copyright practice, the revised Draft contains errors, misstatements, oversimplifications, and bias.”).

⁹ *Oracle America Inc. v. Google, Inc.*, 750 F.3d 1339 (Fed. Cir. 2014). As of the date of these comments, a petition for certiorari filed by Google is pending.

¹⁰ *Lotus Dev't Corp. v. Borland Int'l, Inc.*, 49 F.3d 807 (1st Cir. 1995).

¹¹ See, e.g., Memorandum of Judge M. Margaret McKeown to ALI Council on CD3 (Oct. 9, 2019) at 2-3.

¹² Recommendation to Reject the American Law Institute's Proposal to Create a Restatement of the Law, Copyright: Report of the Committee on Copyright and Literary Property, New York City Bar Assn. (Jan. 2018) (discussion of *Lotus* and *Oracle* in the Restatement draft is “inaccurate”; it does not make clear that “the Restatement's disagreement with *Oracle* is the opinion of the drafters”; the draft suggests that *Oracle* “is anomalous and should not be followed”; and it suggests to the sophisticated reader that the Restatement is “biased toward restricting the scope of copyright” or “inaccurate in its portrayal of major precedent.”); Letter from U.S. Copyright Office on PD3 at 3-5 & Addendum (Dec. 4, 2017); Letter from the American Bar Association Section of Intellectual Property Law on CD2 (Oct. 3, 2018) at 3-4.

Act, which provides:

(b) In no case does copyright protection for an original work of authorship extend to 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 work.

This provision treats ideas and methods identically, but CD3's analysis does not. Under CD3's approach, expressive choices in creating a computer program (or a routine in a program) are part of a "method" that cannot be protected. In other words, CD3 apparently reads section 102(b) to say: "In no case does copyright protection for an original work of authorship extend to any . . . method of operation . . . *including* . . . the form in which it is . . . embodied in such work."

Second, CD3 tries without success to reconcile its conclusion re "methods of operation" with the definition of "computer program" in the Copyright Act. Section 101 of the Copyright Act defines "computer program" as "a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result." CD3's conclusion that Oracle's declaring code is an unprotectible method of operation cannot be squared with 17 U.S.C. section 102(b) and the Act's definition of computer program. The Solicitor General's brief on the petition for certiorari that Google filed in 2015 at an earlier stage of the case explains the weakness in Google's arguments:

The Copyright Act as a whole makes clear... that the functional character of computer code cannot be sufficient to bring it within Section 102(b). If that were so, no computer code would qualify for copyright protection; yet the Copyright Act unequivocally recognizes that a person can own a copyright in computer code. ... Rather, the uncopyrightable "method of operation" or "system" or "process" is the underlying computer function triggered by the written code—for example, an algorithm that the computer executes to sort a data set. The code itself, however, is eligible for copyright protection. If within a given technological environment, code must be drafted in a specific way in order to induce the computer to carry out a particular function, then the expression would "merge" with the function, and the code would be uncopyrightable. Cf. *Baker v. Selden*, *supra*. And some computer routines may be so standard in the programming industry that the *scènes à faire* doctrine deprives them of copyright protection. But computer code is not an uncopyrightable "method of operation" or "system" under Section 102(b) simply because it causes a computer to function.¹³

The Solicitor General explained that despite Google's arguments, there was no distinction between declaring code and implementing code that would justify different treatment for the former.¹⁴ He also countered Google's argument that declaring code should be deemed a method of operation to ensure that copyright law doesn't "impede" interoperability of different programs, pointing out that Android (Google's program) was designed so that it wouldn't be compatible with Oracle's program

¹³ Brief of the United States as Amicus Curiae on Petition for Writ of Certiorari in *Google Inc. v. Oracle America, Inc.*, No. 14-410 at 13-14 (Sup. Ct. 2015) ("U.S. 2015 Brief"). The Solicitor General reaffirmed its position recently in Brief of the United States as Amicus Curiae on Petition for Writ of Certiorari in *Google LLC v. Oracle America, Inc.*, No. 18-956 at 11-16 (Sup. Ct. 2019).

¹⁴ U.S. 2015 Brief at 14-15.

(the Java platform).¹⁵

We urge the Council to consider carefully whether it wants to advocate an interpretation of the law that flies in the face of the position of the Solicitor General, the U.S. Copyright Office, and many other respected organizations and individuals.

CD3’s proposed black letter definition of scènes à faire is overbroad.

Section 2.07 of the draft defines scènes à faire to include elements “dictated by external factors.” That definition is unacceptably broad.¹⁶ Comment *f* attempts to cabin the scope of this term, but the examples given are themselves highly problematic.¹⁷ They indicate that taking elements of another’s work to satisfy customers’ preferences or demands is justified by the scènes à faire doctrine. Nor does comment *f* purport to provide a closed list of examples. “External factors” has no apparent limitation.

Opinion-based “facts”

CD3 effectively removes copyright protection from a significant number of compilations reflecting the compilers’ judgments or opinions. It claims that any numerical estimate or rating “merges” with the idea of such a rating, and that such ratings are facts, since they are held out as facts (even when they are what Judge Leval called “infused with opinion.”)¹⁸ CD3’s treatment in section 2.05, comment *f* of subjective “opinion-based facts” conflicts with its recognition a few pages earlier (§2.05, comment *c*) that so-called “fictional facts” such as the deeds of a fictional character, are not “facts” excluded from copyright protection. Yet, unlike the features and doings of a fictional character, the “fact” that a ratings organization assigns a subjective or predictive value can be objectified out of copyright protection (e.g., it is a “fact” that the Michelin Guide assigns 3 stars to the following restaurants). Even the “entire contents” of such evaluations apparently would be denied copyright protection (CD3 at 95, line 19) because each evaluation is an unprotectable opinion-infused “fact.” If, for example, one were to copy all of the Michelin ratings, organized geographically and alphabetically, there could be no claim because the ratings “facts” collectively are still “facts,” and their organization is not “original.” But this result runs directly contrary to leading authority.¹⁹ For example, reproducing a small number of ratings might be *de minimis* or fair use. Disqualifying the full collection of ratings on the ground that the assessments are “facts” – or, for that matter, “ideas” about how to evaluate – cannot be reconciled with Congress’ choice to protect compilations.

Whether an element of a copyrighted work is unprotectable under either the merger or scènes à faire doctrines depends on the choices available to author when its work was created.

¹⁵ U.S. 2015 Brief at 16-17.

¹⁶ “External” means, inter alia, “situated outside, apart or beyond” or “arising or acting from outside.” “External factors” apparently can embrace anything not contained in the copyrighted work itself. Merriam-Webster.com, definition of “external,” 3a(1),(2), <https://www.merriam-webster.com/dictionary/external>.

¹⁷ CD3 §2.07, Comment *f* at 119 provides examples in only a couple of fields: for software, “practices and demands” in the relevant industry, and for architectural works, “market or consumer preferences.”

¹⁸ CCC Information Services, Inc. v. Maclean Hunter Market Reports, 44 F.3d 61, 73 (2d Cir. 1994).

¹⁹ E.g., CCC Information Services, Inc. v. Maclean Hunter Market Reports (protecting compilation of predicted used car values); see *Kregos v. AP*, 937 F.2d 700 (2d Cir. 1991) (protecting categories of statistics in plaintiff’s pitching form). CD3 argues that *New York Mercantile, Inc. v. Intercontinental Exchange, Inc.*, 497 F.3d 109 (2d Cir. 2007) supports its view, but that case is distinguishable. See *Banxcorp. v. Costco Wholesale Corp.*, 978 F. Supp. 2d 280, 300-01, 302-03 (S.D.N.Y. 2013).

CD3 maintains that “[e]lements can become scènes à faire over time.” §2.07, Comment *h*. It is true that an element that is not standard or commonplace in a particular type of work can become so over time, if that element becomes widely used. But if the author’s work originated that element, s/he should be entitled to assert copyright protection for it, regardless of whether subsequent use by others made it commonplace. Others’ use of that element does not diminish copyright protection for the author’s work. Moreover, copyright law, unlike trademark law, does not recognize the concept that the plaintiff’s work can become “genericized” over time. A copyright owner generally has no obligation to file lawsuits against infringers to preserve her rights.²⁰ Abandonment of copyright occurs only if the copyright owner intends to abandon her rights in a work, and many courts require an overt act to establish intent to abandon.²¹ CD3 cites three appellate cases that share our view, basing its contrary opinion on a single district court case and “basic logic” to justify its conclusion.²² Neither logic nor case law justify CD3’s conclusion that when elements original to the author’s work become commonplace over time, the scope of its copyright is diminished.²³

Similar principles apply to merger. Whether merger applies to elements in plaintiff’s work depends on the constraints when the author created the work, not on subsequent developments.²⁴

Miscellaneous error

Black letter section 1.01 (b) of CD3 provides:

For a work created prior to January 1, 1978, obtaining copyright protection prior to that date also required compliance with formalities discussed in Chapter X.

This is not entirely accurate: obtaining *federal* copyright protection before 1978 required compliance with formalities; state common law copyright commenced upon creation.

²⁰ See *Petrella v. MGM*, 572 U.S. 663, 682 (2014) (“It is hardly incumbent on copyright owners. . . to challenge each and every actionable infringement. And there is nothing untoward about waiting to see whether an infringer’s exploitation undercuts the value of the copyrighted work, has no effect on the original work, or even complements it. . . . Even if an infringement is harmful, the harm may be too small to justify the cost of litigation.”).

²¹ 4 M. Nimmer and D. Nimmer, *NIMMER ON COPYRIGHT* §13.06 (Matthew Bender 2019) (citations omitted).

²² CD3 §2.07, Comment *h* at 121

²³ *Id.*

²⁴ See Letter from U.S. Copyright Office 5-6 (Dec. 4, 2017); U.S. Copyright Office, *SOFTWARE-ENABLED CONSUMER PRODUCTS, A REPORT OF THE REGISTER OF COPYRIGHTS* 16 (Dec. 2016).