

# FREEING COPYRIGHT FROM FORMALITIES

SHIRA PERLMUTTER\*

## INTRODUCTION

It is time for the United States to complete its long and tortuous journey toward eliminating from its copyright system all formal prerequisites for the enjoyment of rights or remedies. I begin this paper with a brief overview of the history of formalities in the United States, and then discuss the pros and cons of repealing sections 411(a) and 412<sup>1</sup> of the Copyright Act, as proposed by the Copyright Reform Act of 1993.<sup>2</sup> After examining the philosophy behind formalities generally, I conclude that an entirely formality-free system is both preferable in theory and feasible in practice. Given the need to choose a default setting for copyright, we should presume that works are fully protected from creation through expiration of term unless the contrary is shown. This choice furthers the underlying goal of U. S. copyright law, as well as the norms of the international copyright community and basic principles of fairness.

In fact, it is a choice we have already made. In joining the Berne Convention in 1989, the United States committed itself formally to a fundamental shift already underway in our copyright law.<sup>3</sup> We moved from a system wary of authors' rights, requiring them to be earned and publicly claimed, to a system that assumes the existence of rights as a consequence of the act of creation.

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\* Associate Professor, Columbus School of Law, The Catholic University of America; Member, The Library of Congress Advisory Committee on Copyright Registration and Deposit. Thanks to Jane Ginsburg, Marci Hamilton, and William Patry for their valuable comments and suggestions.

<sup>1</sup> The relevant text of sections 411(a) and 412 reads:

"[N]o action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title." 17 U.S.C. § 411(a) (1988 & Supp. V 1994).

"In any action under this title, . . . no award of statutory damages or of attorney's fees, . . . shall be made for—

(1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or

(2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work."

17 U.S.C. § 412 (1988).

<sup>2</sup> H.R. 897, 103d Cong., 1st Sess. (1993); S. 373, 103d Cong., 1st Sess. (1993).

<sup>3</sup> Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (codified in scattered sections of 17 U.S.C.) [hereinafter Berne Convention Implementation Act].

This philosophical transformation has not yet been fully implemented in U.S. law; while most traditional formalities have been eliminated, some vestiges remain. Thus, rights today come into being without the need to comply with formalities, but once born, may be rendered meaningless or substantially impaired by non-compliance. The resulting inconsistency in the United States' approach to copyright should now be cured.

## I. OVERVIEW OF FORMALITIES

### A. A Historical Perspective

Formalities have long been a hallmark of the American copyright system. Since its eighteenth-century origins, our law has required various steps to be taken in order to obtain and enjoy federal copyright protection.<sup>4</sup>

One of the earliest of these formalities was the requirement that the author of a work file a pre-publication copy of the title page with the district court for the district of his residence.<sup>5</sup> In its more modern guise, filing with the court evolved into registration and deposit of copies with the Copyright Office and the Library of Congress, a condition for statutory protection until 1978.<sup>6</sup> Renewal presented another mandatory formality, dating back to the first U.S. Copyright Act of 1790. Until 1992, copyright owners had to file an application with the appropriate authority in proper form and at the proper time in order to renew the copyright and obtain the benefit of half or more of its entire potential duration.<sup>7</sup> Even more hazardous in its impact was the notice requirement. From 1802 until March 1989, every copy of a work published under the authority of the copyright owner had to bear a notice of copyright

<sup>4</sup> See Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW* 133 (Brad Sherman & Alain Strowel eds.) (Oxford University Press 1994) (defining formalities as "State-imposed conditions on the existence or exercise of copyright").

<sup>5</sup> See WILLIAM F. PATRY, *COPYRIGHT LAW AND PRACTICE* 408 (1994).

<sup>6</sup> The burden of this requirement was lightened by the courts' interpretation of the statute to allow registration at any time during the initial 28-year term of the copyright. See *Washingtonian Pub. Co. v. Pearson*, 306 U.S. 30, 40 (1939); BENJAMIN KAPLAN, *THE REGISTRATION OF COPYRIGHT, COPYRIGHT OFFICE STUDY NO. 17* at 20-25 (Senate Comm. Print 1960). As a practical result, registration was not necessary unless and until the copyright owner wished to bring a lawsuit or apply for renewal.

<sup>7</sup> See, e.g., Act of May 31, 1790, § 1, 1 Stat. 124 (1790); 17 U.S.C. § 24 (1909); 17 U.S.C. § 304(a) (1988 & Supp. V 1994). The 1976 Act abolished the renewal system prospectively, but retained it for works already under federal copyright protection. In 1992, Congress eliminated the necessity to file applications for renewal from that year onward, providing instead for automatic vesting of the renewal term. See *infra* note 37 and accompanying text.

in a prescribed form and location, at the price of losing all rights.<sup>8</sup> Finally, until as recently as 1986, the deservedly infamous "manufacturing clause" required English-language works to be manufactured in the United States or Canada in order to enjoy a valid U. S. copyright.<sup>9</sup>

By the early twentieth century, this extensive system of formalities had become peculiar to U. S. law, placing us out of step with the rest of the world.<sup>10</sup> Such a state of affairs may have been acceptable domestically (if not admirable) as long as we could afford to be insular in our approach to copyright, protecting our own authors' published works and reserving the freedom to copy works from beyond our borders. But once it became economically important to ensure that U. S. works were protected elsewhere, difficulties arose. Other countries were understandably dissatisfied with our expectations that their authors comply with the technicalities of U.S. law, and unwilling to be generous in granting rights to our authors. And since the Berne Convention, the preeminent international copyright treaty, did not allow the enjoyment or exercise of rights to be conditioned on formalities,<sup>11</sup> we were obliged to participate in developing a separate international convention to accommodate the peculiarities of our national system.<sup>12</sup>

<sup>8</sup> See, e.g., 17 U.S.C. § 10 (1909); 17 U.S.C. § 401 (1988) (limiting the notice requirement to those copies from which the work could visually be perceived). While the 1909 Act contained a narrow exception for a small number of works that accidentally omitted notice, 17 U.S.C. § 21 (1909), and the 1976 Act liberalized the requirement in significant respects, see *infra* note 14, notice was a major stumbling block for the unwary or unsophisticated copyright owner. When applied to publications outside the United States by foreign copyright owners, it became even more of a trap. See, e.g., *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189 (2d Cir. 1985); cf. *Gaste v. Kaiserman*, 863 F.2d 1061, 1065 (2d Cir. 1988); *Heim v. Universal Pictures Co.*, 154 F.2d 480, 487 (2d Cir. 1946); *Eisen, Durwood & Co. v. Tolkien*, 794 F. Supp. 85, 86 (S.D.N.Y. 1992) (publication abroad without notice held not to divest copyright protection). The United States finally abandoned the notice requirement as of March 1989 in order to join the Berne Union. See *infra* note 26.

<sup>9</sup> See Act of Mar. 3, 1891, ch. 565, § 3, 26 Stat. 1106 (1891); 17 U.S.C. § 16 (1909); 17 U.S.C. § 601 (1988) (by its own terms, applying only until July 1, 1986). The purpose of the manufacturing clause was trade protectionism for the domestic printing industry, accommodated in law as part of a compromise resulting in the International Copyright Act of 1891, Act of March 3, 1891, ch. 565, § 13, 26 Stat. 1110, which for the first time extended U.S. copyright protection to published foreign works. See Barbara Ringer, *The Role of the United States in International Copyright—Past, Present, and Future*, 56 GEO. L.J. 1050, 1055-57 (1968).

<sup>10</sup> In the nineteenth century, a number of countries imposed similar requirements as a condition for copyright protection. See SAM RICKETSON, *THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS 1886-1986*, at 222 (1987).

<sup>11</sup> Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, revised Paris, July 24, 1971, Art. 5(2), 25 U.S.T. 1341, T.I.A.S. No. 7868, 828 U.N.T.S. 221 ("the enjoyment and the exercise of [copyright] rights shall not be subject to any formality"). This prohibition was added to the Convention by the Berlin Revision of 1908.

<sup>12</sup> Universal Copyright Convention, Sept. 6, 1952, 6 U.S.T. 2731, T.I.A.S. No. 8324, 735 U.N.T.S. 368, revised July 24, 1971, 25 U.S.T. 1331, T.I.A.S. No. 7868.

B. *The Beginning of Change: The 1976 Act*

In the 1976 Act, Congress began the journey toward eliminating formalities from our copyright law. To a large extent, the changes were spurred by a desire to participate more fully in the international community through membership in the Berne Union. But the rejection of formalities was more aspirational than real, leaving U.S. law still short of compliance with the demands of Berne.

Each step away from formalities went only part way. Thus, the two-term renewal structure was eliminated for newly created works, but retained for works already under federal copyright protection.<sup>13</sup> As for notice, although defects in form were made less dangerous, and the omission of notice could be cured within a five-year window of opportunity,<sup>14</sup> the general requirement of affixation of notice upon penalty of loss of rights was retained.<sup>15</sup> Even the manufacturing clause was continued, although with a sunset provision that would eventually phase it out.<sup>16</sup>

The 1976 Act did remove the need to register as a condition to the validity of a copyright. In practical terms, however, registration actually increased in importance, with its timing made newly critical. The copyright owner could no longer forego registering with impunity until faced with the prospect of a lawsuit or renewal application. Not only was registration still a prerequisite to bringing suit for infringement,<sup>17</sup> but the availability of meaningful litigation remedies—statutory damages and attorney's fees—was for the first time conditioned on registration before the infringement took place.<sup>18</sup>

This tie to remedies was intended to counter the possible effect of elimination of registration as a general requirement for published works by providing a strong incentive for copyright owners to continue to register.<sup>19</sup> As for unpublished works, newly brought under federal protection,<sup>20</sup> Congress sought to motivate

<sup>13</sup> 17 U.S.C. §§ 302, 304(a) (1988 & Supp. V 1994); H.R. REP. NO. 1476, 94th Cong., 2d Sess. 133-36, 139-40 (1976).

<sup>14</sup> 17 U.S.C. § 405 (1988).

<sup>15</sup> 17 U.S.C. § 401 (1988).

<sup>16</sup> 17 U.S.C. § 601 (1988) (sunsetting the provision on July 1, 1982) (amended by Act of July 13, 1982, Pub. L. No. 97-215, 96 Stat. 178, which extended the sunset date to July 1, 1986).

<sup>17</sup> 17 U.S.C. § 411(a).

<sup>18</sup> 17 U.S.C. § 412 (for published works, copyright owners were given an extra three months breathing room from the date of publication, within which time registration could be made and the full range of remedies ensured).

<sup>19</sup> H. R. REP. NO. 1476, *supra* note 13, at 158.

<sup>20</sup> See 17 U.S.C. §§ 301, 303 (1988 & Supp. V 1994); H.R. REP. NO. 1476, *supra* note 13

the owner to "make a public record of his copyright claim."<sup>21</sup> Registration was seen as valuable primarily for its role in establishing a storehouse of information about copyrighted works, and its function in obtaining copies of those works for the collections of the Library of Congress.<sup>22</sup> The overall goal of the changes in the law was to make registration an optional rather than a mandatory system,<sup>23</sup> encouraged by the carrot of "special remedies" rather than impelled by the stick of loss of rights.

These new registration rules themselves constituted a species of formality, conditioning substantive rights and remedies on the filing of a document. Nor was this the sole formality added to the roster by the 1976 Act; another provision for the first time made recordation of a transfer of copyright rights a prerequisite to a suit for infringement of the rights transferred.<sup>24</sup> So the Act took away with one hand what it had granted with the other, adopting new formalities while ameliorating existing ones.

C. *Accepting the Principle of Formality-Free Rights: The Berne Convention Implementation Act of 1988*

In 1988, the United States finally acceded to the Berne Convention, effective March 1, 1989.<sup>25</sup> In joining Berne we committed ourselves to the elimination of formalities, at least as a condition of the exercise or enjoyment of rights in works from other Berne Union members. The Berne Convention Implementation Act was therefore supposed to finish the job that the 1976 Act had begun. Did it succeed in doing so? In significant respects, yes, but a few vestiges of formalities remained.

The major change in formalities accomplished by the Berne Convention Implementation Act was the repeal of the notice re-

at 129 ("Instead of a dual system of 'common law copyright' for unpublished works and statutory copyright for published works, which has been the system in effect in the United States since the first copyright statute in 1790, the bill adopts a single system of federal statutory copyright from creation.")

<sup>21</sup> H.R. REP. NO. 1476, *supra* note 13, at 158.

<sup>22</sup> See H.R. REP. NO. 388, 103d Cong., 1st Sess. 12-13 (1993). Some have identified as another value of registration the opportunity for the Copyright Office to screen works for copyrightable subject matter. See ROBERT WEDGEWORTH & BARBARA RINGER, ADVISORY COMMITTEE ON COPYRIGHT REGISTRATION AND DEPOSIT, THE LIBRARY OF CONGRESS, REPORT OF THE CO-CHAIRS 15-16 (Sept. 1993) [hereinafter ACCORD REPORT]. The House Report to the Copyright Reform Act repudiates the concept of such a gatekeeper role for the Office. See H.R. REP. NO. 388, 103d Cong., 1st Sess. 11 (1993).

<sup>23</sup> A "mandatory" system was defined by Professor Benjamin Kaplan, the author of the study of the registration system commissioned by Congress as part of the revision process leading up to the 1976 Act, as "one in which to an important extent copyright protection is lost if registration is not timely made." KAPLAN, *supra* note 6, at 64.

<sup>24</sup> 17 U.S.C. § 205(d) (1988).

<sup>25</sup> See Berne Convention Implementation Act, *supra* note 3.

quirement. While the use of a notice may be advisable today for practical reasons, a publication without notice will no longer affect the validity of the copyright.<sup>26</sup> Because this change was prospective only, the omission of notice is still relevant in dealing with works copies of which were distributed to the public before March 1989. As to those works, the current status of the copyright is questionable. If a general publication was made without notice before 1978, the work is in the public domain; if during or after 1978, the copyright owner may or may not have cured the omission in time to save the copyright.<sup>27</sup>

As to registration, the changes were less far-reaching. Works from Berne countries other than the United States no longer must be registered before suit can be brought for their infringement.<sup>28</sup> The requirement continues to exist, however, for all other works—those from non-Berne countries or the United States.<sup>29</sup> And the limitation of remedies for works not registered prior to infringement remains in place for all works, whether from a Berne country or not.<sup>30</sup> The rationale for preserving this limitation was that restricting remedies is not inconsistent with Berne's prohibition on formalities, because it does not prevent "the enjoyment or exercise" of rights.<sup>31</sup>

The 1976 Act formality of recordation of transfers as a prerequisite to suit on the rights transferred was abolished for all works.<sup>32</sup>

#### D. Subsequent Amendments

Finally, in the wake of Berne implementation, various additional amendments were made to the Copyright Act to accommo-

<sup>26</sup> See 17 U.S.C. § 401(a) (1988). As noted in the House Report to the Berne Convention Implementation Act, notice is "the cheapest deterrent to infringement which a copyright holder may take." H.R. REP. NO. 609, 100th Cong., 2d Sess. 27 (1988). See also 17 U.S.C. §§ 401(d), 402(d) (1988) (providing that if notice appeared on copies or phonorecords to which the defendant had access, innocent infringement claim in mitigation of damages generally will be given no weight).

<sup>27</sup> See 17 U.S.C. § 405(a).

It should be noted that the GATT implementing legislation enacted in 1994 restores U.S. copyright protection to those works from other members of Berne or the World Trade Organization that would be protected by copyright in this country today but for the omission of notice. Uruguay Round Agreements Act, Pub. L. No. 103-465 (Dec. 8, 1994).

<sup>28</sup> 17 U.S.C. § 411(a) (excepting "actions for infringement of copyright in Berne Convention works whose country of origin is not the United States" from pre-suit registration requirement).

<sup>29</sup> § 411(a).

<sup>30</sup> 17 U.S.C. § 412.

<sup>31</sup> U.S. Adherence to the Berne Convention, Hearings Before the Subcomm. on Patents, Copyrights, and Trademarks of the Senate Judiciary Comm., 99th Cong., 1st and 2d Sess. 473 (1985 & 1986). For a differing analysis, see *supra* text accompanying notes 49-53.

<sup>32</sup> Berne Convention Implementation Act, *supra* note 3, § 5(1) (repealing 17 U.S.C. § 205(d) (1988 & Supp. V 1994)).

date the spirit if not the letter of the Convention. One such amendment, the Visual Artists Rights Act, granted the moral rights of integrity and attribution to authors of a limited class of works defined as "work[s] of visual art."<sup>33</sup> Ironically, the amendment, enacted to further United States compliance with Berne,<sup>34</sup> imposed formalities in U.S. copyright law that had never existed before. Under the Visual Artists Rights Act, a work qualifies for these moral rights if it exists solely in a single copy or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.<sup>35</sup> The signing and numbering criteria for protection are no more or less than formalities that must be complied with in order to enjoy rights—squarely within the prohibition of Berne Article 5(2).<sup>36</sup>

Renewal formalities were essentially eliminated in 1992, when another amendment to the Copyright Act made the renewal term vest automatically from that year forward, without the need to file an application with the Copyright Office.<sup>37</sup>

## II. THE PROPOSED COPYRIGHT REFORM ACT OF 1993

In 1993, bills were introduced in both houses of Congress that would have eliminated the chief remnant of the U.S. system of formalities.<sup>38</sup> The bills, each titled the "Copyright Reform Act of 1993," proposed to retain the registration system, but to remove its substantive impact on the copyright owner's ability to exercise her rights by repealing sections 411(a) and 412 of the Copyright Act,

<sup>33</sup> 17 U.S.C. § 106A (1988 & Supp. V 1994).

<sup>34</sup> See Berne Art. 6<sup>bis</sup>, which states in part:

Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.

See generally Edward J. Damich, *The Visual Artists Rights Act of 1990: Toward a Federal System of Moral Rights Protection for Visual Art*, 39 CATH. U. L. REV. 945 (1990); Jane C. Ginsburg, *Copyright in the 101st Congress: Commentary on the Visual Artists Rights Act and the Architectural Works Copyright Protection Act of 1990*, 14 COLUM.-VLA J.L. & ARTS 477 (1990).

<sup>35</sup> 17 U.S.C. § 101 (1988 & Supp. V 1994) (defining "work of visual art").

<sup>36</sup> See PATRY, *supra* note 5, at 1035-36; Ginsburg, *supra* note 34, at 480 n.16.

<sup>37</sup> Automatic Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 264 (June 26, 1992).

In some respects the formality of filing a renewal application continues to have significance, as the new law conditions various benefits on such a filing. See 17 U.S.C. § 304(a)(2)(B) (providing that renewal term vests in person who files application at time of filing, whereas in the absence of an application, renewal term vests at expiration of initial term); § 304(a)(4)(A) (allowing derivative works prepared under a grant during the initial term to continue to be used without the copyright owner's consent if no application was filed during the last year of the initial term); § 304(a)(4)(B) (making renewal registration prima facie evidence of the validity of the copyright and the facts stated in the certificate if an application was filed during the last year of the initial term).

<sup>38</sup> H.R. 897, 103d Cong., 1st Sess. (1993); S. 373, 103d Cong., 1st Sess. (1993).

thereby abolishing the requirements of (1) registration as a precondition to suit for U.S. and non-Berne works and (2) registration prior to infringement as a precondition to an award of statutory damages or attorney's fees. The Copyright Reform Act of 1993 ("Reform Act") would have been the last major step in the United States' long drawn-out process of abandoning its traditional formalities. The Reform Act passed the House on November 20, 1993, and again on September 20, 1994, as part of a patent bill;<sup>39</sup> it died at the end of the 103d Congress when the Senate failed to act.

A. *Potential Gains from Repeal of Sections 411(a) and 412*

The main targets of the Reform Act,<sup>40</sup> sections 411(a) and 412, have come under attack as raising a variety of significant problems. These problems can be divided into four categories: economic/political, practical, philosophical and structural.

Section 411(a) presents straightforward problems of an economic and political nature. In its post-Berne Convention Implementation Act form, it establishes a two-tier treatment of works depending on their origin. Works from other Berne member countries need not be registered as a prerequisite to suit; all others, including American works, must be. While this minimalist approach may satisfy our Berne obligations,<sup>41</sup> the result is to disadvantage U.S. copyright owners relative to their counterparts from our chief trading partners. There is something unseemly about such disparate treatment of our own citizens.<sup>42</sup> Nor is it simply a question of inconvenience; at the Copyright Reform Act hearing in the House, one U.S. software company testified that it spent hun-

<sup>39</sup> H.R. 4307, 103d Cong., 2d Sess. (1994).

<sup>40</sup> Other substantive provisions of the Copyright Reform Act as originally introduced were either deleted from the bill or enacted as separate legislation. See Act of Dec. 17, 1993, Pub. L. No. 103-198, 107 Stat. 2304 (1993).

<sup>41</sup> The provision of benefits only to works from outside a Berne member's borders is an odd twist in Berne's history. The Convention was written to achieve a satisfactory minimum level of rights around the world, while barring discrimination against foreign works through the principle of national treatment. See generally RICKETSON, *supra* note 10, at 195-99. Although a member is free to be more stingy with its own works, such an approach undercuts the goal of worldwide minimum rights.

<sup>42</sup> Nor is section 411(a) the only example of the United States' reliance on a two-tier system to comply with its international obligations. The Uruguay Round Agreements Act of 1994 restores copyright protection to a large group of works in the public domain in the United States due to failure to comply with formalities, all from our fellow World Trade Organization and Berne members. See *supra* note 27. U.S. works that have fallen into the public domain for the same reason are not restored.

To my knowledge, no other Berne member has chosen to satisfy its Berne obligations without extending equivalent rights to its own nationals. In fact, Poland's new copyright law takes the opposite approach, explicitly guaranteeing to Polish copyright owners at least the same rights as those granted to foreigners pursuant to treaty obligations. See *Law on Copyright and Neighboring Rights*, Text of Feb. 4, 1994, Article 7 (effective May 23, 1994).

dreds of thousands of dollars a year preparing applications for registration—an expenditure not necessary for its foreign competitors.<sup>43</sup>

Section 412, which does apply equally to all copyright owners, has caused practical problems in actual operation which were not envisioned by its drafters. Intended as a carrot to induce registration, it has proved to function as a stick, threatening the copyright owner with a loss of rights. One crucial fact was not taken into account when the section was enacted in 1976: failure to register is not always the result of a voluntary choice. For certain types of works, registration is not possible because of an inability to comply with the concomitant deposit requirement. This is a particular problem for the visual arts, not only works of the fine arts but also graphic design and photography. As a number of witnesses testified at the hearings, and as Charles Ossola's paper describes,<sup>44</sup> often the author of such a work neither retains the original nor has the opportunity to reproduce it in copies.<sup>45</sup> In addition, the sheer number of copyrightable works produced by many photographers and designers may make it impracticable financially to register and deposit copies of each work.

Moreover, across all categories of works, many authors are unaware of the strictures of the law. Every copyright lawyer has had the experience of advising individuals who do not know the fundamental principles that ideas are not copyrightable and that copyright vests automatically upon creation, let alone the more esoteric rule that registration prior to infringement is a prerequisite to important remedies. No incentive to registration can have the desired effect on those who are ignorant of its existence or unable to comply.

Whatever the reason, if the work was not registered before the infringement took place, the consequences can be severe. It is not merely a question of a greater recovery versus a lesser one. Without the potential for statutory damages or attorney's fees, a copyright owner may not even be able to get into court to vindicate his rights. Even with a clearly meritorious claim, unless he has tens of thousands of dollars in disposable income to cover legal fees (and few individual copyright owners do), it will be difficult to find a

<sup>43</sup> See *Copyright Reform Act of 1993: Hearings on H.R. 897 Before the Subcomm. on Intellectual Property and Judicial Administration of the House of Representatives Comm. on the Judiciary*, 103d Cong., 1st Sess. 129 (1993) [hereinafter *Hearings*].

<sup>44</sup> Charles Ossola, *Registration and Remedies: Recovery of Attorneys' Fees and Statutory Damages Under the Copyright Reform Act*, 13 CARDOZO ARTS & ENT. L.J. 559 (1995).

<sup>45</sup> *Hearings*, *supra* note 43, at 272.

lawyer to take the case. A contingency fee arrangement will rarely be satisfactory; typically the copyright owner cannot prove actual damages (this is the very rationale for providing statutory damages), and provable, substantial profits are the exception rather than the rule.

The consequence of this financial reality is not only that fewer meritorious suits are brought, but that deliberate infringers often cannot be deterred. When the work was not registered prior to infringement, unless the infringement is ongoing and entails a large investment (making injunctive relief a meaningful threat), the copyright owner is not able to assert a credible claim leading to settlement. The infringer can say, "Go ahead and sue," secure in the knowledge that litigation is not a realistic option and that the risk of a significant financial penalty is in any case minimal.

The practical impact of section 412 on copyright owners has been exacerbated by recent judicial developments. In March of 1994, in *Fogerty v. Fantasy, Inc.*,<sup>46</sup> the Supreme Court held that awards of attorney's fees under the Copyright Act must be available to prevailing defendants on the same terms as prevailing plaintiffs. This holding may have an unforeseen consequence. Under *Fogerty*, in cases where the work was not registered prior to infringement, attorney's fees will not be available to the plaintiff if she prevails, but may be available to the defendant. While the Supreme Court focused on the need for "evenhanded" treatment,<sup>47</sup> section 412 destroys the level playing field, since there is no equivalent statutory bar applicable to defendants. Given the current state of the law, a copyright owner without a prior registration would be foolhardy to sue where the case was not open-and-shut; she would have only limited remedies if she won, and run the risk of paying the defendant's attorney's fees in addition to her own if she lost. And of course, in any settlement negotiations, the defendant now has a bargaining chip that the plaintiff does not.

All of these practical difficulties may be seen as the outgrowth of a fundamental philosophical problem with sections 411(a) and 412 operating in tandem. The two sections represent a legislative commingling of apples and oranges. The ultimate purpose of their enactment was to ensure a public record of information about copyrights and to obtain deposits of copies of works for the Library of Congress. The means chosen to accomplish that purpose was to manipulate the litigation process, making enforcement

<sup>46</sup> 114 S. Ct. 1023 (1994).

<sup>47</sup> *Id.* at 1027.

of a copyright more burdensome and less remunerative. There is no necessary or obvious link between purpose and means.

Another philosophical objection to section 412 stems from the Berne Convention's prohibition of formalities. The proposition could not be stated more bluntly: "[T]he enjoyment and the exercise of [copyright] rights shall not be subject to any formality."<sup>48</sup> To the extent that section 412 operates to prevent the effective enforcement of rights, it may amount to a formality imposed on their "enjoyment."<sup>49</sup> While the section affects only remedies, a distinction between rights and remedies in this respect is elusive; a right is only as valuable as the remedy it commands. Assuming that such a distinction could be drawn in the abstract, the line has blurred when it comes to the remedies withdrawn by section 412. Testimony at the congressional hearings indicated that these remedies in particular are often necessary to effective enforcement of rights.<sup>50</sup> Thus, in functional terms, we still have a mandatory registration system, since "to an important extent copyright protection is lost if registration is not timely made."<sup>51</sup>

If section 412 is viewed instead as no more than a restriction on the array of possible remedies afforded to the copyright owner, it limits the "exercise of rights" and is therefore still objectionable. Applying the standard formulated by a leading commentator on Berne, the restriction is significant enough to "impede unduly" the exercise of an author's rights.<sup>52</sup>

Even if section 412 can be interpreted as not technically incompatible with Berne (as Congress interpreted it in 1988),<sup>53</sup> it is incompatible in spirit. The plain fact is that copyright owners who file a document with the government have stronger rights to enforce than those who do not.

Finally, sections 411(a) and 412 combined invoke structural

<sup>48</sup> Berne Convention, *supra* note 11, Art. 5(2).

<sup>49</sup> See RICKETSON, *supra* note 10, at 225.

<sup>50</sup> See *Hearings*, *supra* note 43, at 276-81.

<sup>51</sup> See KAPLAN, *supra* note 6, at 64.

<sup>52</sup> RICKETSON, *supra* note 10, at 224.

The subsequent statement in the same article of Berne that "the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed," Berne Convention *supra* note 11, Art. 5(2), does not qualify the basic principle banning formalities, or establish an exception. Rather, it is a choice of law provision, determining which of two interested countries' laws apply. Given the explicit limitation of the statement's introductory phrase, "apart from the provisions of this Convention," see RICKETSON, *supra* note 10, at 225, the logical reading is that the flat ban on formalities extends to "means of redress" as well. It would be a leap of logic to interpret the statement to endorse the conditioning of such varying "means of redress" on compliance with formalities.

<sup>53</sup> See *supra* text accompanying note 31.



concerns regarding the relationship between the Copyright Office and the Library of Congress. The Copyright Office's location within the Library has been beneficial in many respects over its nearly one-hundred-year history. Authors have benefited from the existence of, and access to, the Library's comprehensive collections; copyright law has benefitted from the nexus to literary, historical, and artistic values. Despite this generally happy partnership, conflicts of interest may surface from time to time. What is good for the Library may not always be good for copyright.

The registration rules embodied in sections 411(a) and 412 create just such a conflict. By their enactment, Library acquisition needs were permitted in part to drive copyright policy. As a result, copyright owners may be paying a disproportionate penalty in order to subsidize the Library's collections for the public as a whole. One example of distortion in copyright policy mentioned at the hearings on the 1993 bill was the Copyright Office's recent practice of allowing group registrations only for works of which the Library does not want deposit copies.<sup>54</sup> Here, the owners of copyright in other works are penalized by having to bear the relatively greater burden of multiple registrations in order to accommodate the Library's needs.

All of these problems add up to strong reason to abolish sections 411(a) and 412. The question then becomes, what are the reasons to keep them? How much will be lost if they are eliminated?

#### B. *Potential Losses from Repeal of Sections 411(a) and 412*

There are two main categories of potential losses from repeal of sections 411(a) and 412. First, without these incentives to register, there are likely to be fewer registrations and therefore fewer deposits, with the resulting loss of available information about copyrighted works and deprivation of the Library's collections. Concern over these possible consequences led to initial opposition to the Reform Act by the Copyright Office and the Library of Congress, and to consistent opposition by various library groups.<sup>55</sup> Second, users of copyrighted works will no longer be able to rely on a lack of registration to signify that their potential financial exposure in a lawsuit will be limited. While these concerns are real, upon closer examination neither appears sufficient to outweigh the arguments for repeal.

<sup>54</sup> See *Hearings*, *supra* note 43, at 262.

<sup>55</sup> See *id.* at 178-264.

As to the potential decline in registrations and deposits, it is impossible to predict its extent with any certainty. The question is not simply whether there will be a decrease, but how significant any such decrease will be. A number of factors undercut the likelihood of a massive decline in volume. First, several incentives to register exist, both practical and statutory, other than sections 411(a) and 412. Most meaningful for many copyright owners will be the realities of business life. In buying, selling or pledging assets, a certificate of registration smoothes and hastens transactions; in asserting claims against infringers, a certificate of registration has an immediate impact in communicating the strength of the rights asserted. Equally important may be the bibliographic public value of placing on record the facts of one's claim.

The Copyright Act itself provides two additional incentives. If registration is made within five years of first publication, the certificate of registration "constitute[s] prima facie evidence of the validity of the copyright and of the facts stated in the certificate."<sup>56</sup> Another section of the statute gives priority to a transferee of rights against a later, conflicting transfer if the earlier transfer is recorded with the Copyright Office, but only if the copyright claim has been registered.<sup>57</sup>

Registration also gives the copyright owner a greater ability to enforce her rights in several other respects. As a matter of practice, the Justice Department will not bring criminal copyright proceedings against an infringer unless the work infringed has been registered.<sup>58</sup> In the international arena, Customs regulations require the filing of a certificate of registration in order to prevent the importation of unauthorized copies of a copyrighted work.<sup>59</sup> And a certificate of registration is useful in seeking to enforce rights abroad, as foreign courts may accept it as proof of ownership.

At least for works that are expensive to produce or otherwise valuable to the copyright owner, and for copyright owners who are sophisticated about the law, registration will remain worthwhile

<sup>56</sup> 17 U.S.C. § 410(c) (1988).

<sup>57</sup> 17 U.S.C. § 205(c)-(d). Moreover, recordation of any document pertaining to a copyright "gives all persons constructive notice of the facts stated in the recorded document" only if registration has been made for the work. § 205(c).

<sup>58</sup> See *Hearings*, *supra* note 43, at 368-69.

<sup>59</sup> 19 C.F.R. § 133.33 (1994). *But see* memorandum from Emory Simon to Barbara Ringer and Robert Wedgeworth (Aug. 6, 1993), regarding "Practices of the U.S. Customs Services and the Role of Copyright Registration," reproduced as Working Paper # 13 annexed to ACCORD REPORT, *supra* note 22, at A-346 (noting certain exceptions to this rule, most notably for foreign rights holders, and concluding that "having a copyright registration is never an absolute precondition for Customs action").

and can reasonably be expected to continue. For other types of works and categories of owners, while a decline seems more likely, it might be possible to take up the slack either by providing new incentives that will not operate to deter the assertion of valid claims, or by removing existing hurdles to registration. The House of Representatives adopted the second approach, passing a marked-up version of the Reform Act that implemented various proposals made by the Librarian of Congress intended to make registration simpler and less burdensome.<sup>60</sup>

Of course, the impact of existing alternative incentives combined with the simplification of the registration process is no more than speculation. But neither is there any hard evidence as to the efficacy of sections 411(a) and 412 in encouraging registration. Under section 411(a), a copyright need not be registered unless and until the copyright owner wishes to bring suit—an event that may occur at any point during the life of the copyright and only occurs ever for a very small percentage of copyrighted works.<sup>61</sup> The section therefore is unlikely to impel many or prompt registrations.<sup>62</sup>

Section 412 is probably more effective; most copyright lawyers would advise clients who have no affirmative reason *not* to register to do so as soon as possible to ensure the availability of the full range of statutory remedies in the event the work is ever infringed. But the number of registrations that would not occur but for the existence of section 412 is impossible to know. While it is a fair assumption that a substantial group of works is involved, its size may not be as great as some suggest. One would have to rule out registrations that would have been made anyway, either for the other reasons described above or because of the widespread misconception that registration confers copyright protection. On the

<sup>60</sup> H.R. 4307, 103d Cong., 2d Sess. (1994). These proposals include the adoption of a simplified short-form application, revamping administration of the deposit requirement to be more responsive to difficulties in compliance, and limiting the availability of the fraud on the Copyright Office defense. See letter from James H. Billington, Librarian of Congress, to the Honorable William J. Hughes, Chairman, Subcommittee on Intellectual Property and Judicial Administration, Committee on the Judiciary, U.S. House of Representatives (Oct. 1, 1993) reprinted in, ACCORD REPORT, *supra* note 22, at vii-xi [hereinafter Billington letter].

<sup>61</sup> Participants in the deliberations of the Library of Congress Advisory Committee on Copyright Registration and Deposit estimated the number of copyright infringement suits per year as approximately 2,000. ACCORD REPORT, *supra* note 22, at 16. In comparison, more than 600,000 works are registered with the Copyright Office each year. *Id.* Even this large differential is misleadingly low, since many protected works are not registered and since lawsuits are brought each year based on registrations from prior years as well.

<sup>62</sup> For the purposes of the Library of Congress, prompt registration is important in obtaining current issues of works such as periodicals and scientific, technical and medical journals.

other hand, registrations that are not made today due to ignorance or inability will not increase in number if section 412 is repealed. It should not be overlooked that the U.S. registration system was developed and thrived for well over a century before section 412's birth less than twenty years ago.<sup>63</sup>

The other concern about a decline in registrations is the potential deprivation of the collections of the Library of Congress. The automatic deposit of copies of every work of authorship registered with the Copyright Office provides an easily accessible, large pool of material for the Library to select from to enhance its collections. While copyright owners are also required to deposit copies of all published works for the benefit of the Library, independent of the copyright registration process,<sup>64</sup> registration is the sole legal mechanism by which the Library obtains copies of unpublished works.<sup>65</sup>

Nevertheless, registration is an inexact mechanism for achieving this result. There is surprisingly little overlap between what the Library wants for its collections and the unpublished works that copyright owners deposit. Much of the material that is registered is not of interest to the Library, and sits in storage in warehouses for years. Surely it would be preferable to devise a mechanism for obtaining material more closely tailored to the Library's needs than to continue to use a blunderbuss approach that functions to deprive copyright owners of meaningful remedies.

For many of these reasons, the Librarian of Congress no longer opposes repeal of sections 411(a) and 412.<sup>66</sup> The Library's initial fears that its collections would be seriously impaired have upon further reflection been allayed, and the Librarian has concluded that any losses from repeal can be compensated for to a significant extent by modifying other provisions of the law to enhance the separate Library deposit requirement and simplify registration procedures.<sup>67</sup>

<sup>63</sup> Although registration was theoretically mandatory, in reality it could be postponed until the need to sue for infringement or apply for renewal. See *supra* note 6.

<sup>64</sup> 17 U.S.C. § 408 (1988).

<sup>65</sup> Donations and purchases are also important sources of unpublished works for the Library of Congress collections. To give some notable examples: the Civil War photographs of Matthew Brady, not protected by copyright, were acquired by the Library through a donation, as were the papers of several Supreme Court Justices, most recently Thurgood Marshall.

<sup>66</sup> See *Hearing on S. 373 Before the Subcomm. on Patents, Copyrights, and Trademarks of the Senate Comm. on the Judiciary*, 103d Cong., 1st Sess. 6 (Oct. 19, 1993) [hereinafter *S. 373 Hearing*].

<sup>67</sup> Because the impact of the proposed changes could not be predicted with certainty, the Librarian also recommended a three-year review, and reserved the right to request "extraordinary action" from Congress if the Library before that time saw immediate dam-



Strong opposition continues, however, from various private groups, based on a different category of potential loss from repeal: the loss of the existing shield against statutory damages and attorney's fees for the use of an unregistered work.<sup>68</sup> It is important to delineate clearly the extent of this potential loss. Under current law, a user cannot rely on a lack of registration to signify that the work is not protected by copyright, or that the use will not infringe. All that section 412 does is to limit the remedies available to a prevailing copyright owner. Thus, the danger of repeal is not that the copyright status of works currently in the public domain will change or become less certain, nor that conduct currently lawful will become unlawful. Rather, users will no longer be able to count on lessened exposure in the event they are found liable in an infringement suit.

Such lessened exposure may or may not be appropriate in a given case. A user with a colorable fair use claim or other substantive defense should not be treated the same as a blatant pirate when it comes to granting relief. Indeed, the courts have discretion to make these distinctions under the law as it now stands.<sup>69</sup> Absent a policy reason to the contrary, however, the full range of remedies Congress has provided for infringement should be potentially available to all successful copyright claimants, subject to judicial fine-tuning based on the circumstances of the case. Otherwise applicable remedies should not be withdrawn solely because of the failure to file a piece of paper early enough, prior to being aware of any potential claim.

Opponents of repeal have also expressed the concern that elimination of section 412 will lead to the assertion of more frivolous claims, motivated by the across-the-board availability of statutory damages and attorney's fees.<sup>70</sup> It seems unlikely, however, that these particular monetary incentives would impel many claims that

age to its collections. See Billington letter, reprinted in ACCORD REPORT *supra* note 22, at vii-xi; S. 373 Hearing, *supra* note 66, at 9.

<sup>68</sup> See S. 373 Hearing, *supra* note 66, at 6.

<sup>69</sup> See 17 U.S.C. § 504(c) (1988) (statutory damages ordinarily to be awarded, in the court's discretion, within a range from \$500 to \$20,000 per work infringed, with the court able to raise the ceiling to \$100,000 in cases of willful infringement and to reduce the floor to \$200 in cases of innocent infringement.); § 505 (1988) (the court "may" award a "reasonable" attorney's fee). A recent study of reported decisions awarding statutory damages and/or attorney's fees since enactment of the 1976 Act indicates that courts have exercised this discretion sparingly, generally setting awards at fairly low levels. See William F. Patry, *Statutory Damages and Attorney's Fee Awards* (Aug. 23, 1993), reprinted in ACCORD REPORT, *supra* note 22, at App. 387-94.

<sup>70</sup> See, e.g., Jon Baumgarten & Peter Jaszi, *Why Section 412 Should Be Retained*, reprinted in ACCORD REPORT, *supra* note 22, at A85-A91; Peter Jaszi, *Section 412*, reprinted in ACCORD REPORT, *supra* note 22, at A92-A93.

would otherwise not be brought. Litigation is expensive, and even winning plaintiffs are not guaranteed an award of attorney's fees.<sup>71</sup> Certainly a frivolous claim is unlikely to receive such an award.<sup>72</sup> Even when fees are granted, they are generally low—often less than the actual fees incurred.<sup>73</sup> As to statutory damages, copyright remains a relatively non-lucrative field of law, with the typical award falling at the low end of the statutorily limited range.<sup>74</sup> Finally, the specter of frivolous claims does not in itself justify barring worthy claimants from their day in court.

### III. FORMALITIES GENERALLY

The fundamental issue presented by the Reform Act and its critics is: Can we live in a world without copyright formalities, and do we want to? How steep is the price?

The 1976 Copyright Act and adherence to the Berne Convention marked a sea change in U.S. copyright law—a profound shift in philosophy. Copyright is no longer a reward to be earned by proper behavior, by following rules punctiliously. Rather, it is a right to be defeated only by another substantive right or privilege, such as the right to copy facts or the privilege of fair use.

This change is hard for many to accept. Congress itself has accomplished the shift in incremental steps rather than a single leap, allowing for gradual adjustment. To some extent, the resistance reflects a degree of comfort in familiarity. A system with formalities is the system in which most copyright lawyers and industries have been schooled, and are accustomed to doing business. The result is a tendency to accept only with reluctance each small step into the unknown. Professor Jane Ginsburg has characterized this attitude as the outgrowth of a "nostalgia for formalities."

In addition, there is unease in some quarters about giving up certainty in the law, and at the same time making it too easy to obtain the full range of copyright protection. The underlying concern may be expressed as follows: now that notice is no longer required, if sections 411(a) and 412 are repealed, there will be no need for the copyright owner to "mark" her property in any way—either by labeling it or by filing with the Copyright Office—in order to warn off potential trespassers. Since copyright protection

<sup>71</sup> See *Fogerty v. Fantasy Music, Inc.*, 114 S. Ct. at 1033.

<sup>72</sup> Such a claim also runs the risk of sanctions under Rule 11 of Federal Rules of Civil Procedure. See FED. R. CIV. P. 11.

<sup>73</sup> See Patry, *supra* note 69.

<sup>74</sup> *Id.* 17 U.S.C. § 504(c).

now attaches automatically, even without the author's awareness, many works are protected that have no economic, aesthetic or even personal value, from the answering machine message to the shopping list. Accordingly, it is argued that a user's liability should be limited unless the author gives some affirmative indication that she cares about the work.<sup>75</sup>

The risk seems overstated. Surely no lawsuits have been brought over the copying of grocery lists. A copyright owner is unlikely to incur the trouble and expense of litigation over a work that has no value of any kind. To the extent that she thought the work valueless until the copying itself showed otherwise, why should she have less of a claim against a user who perceived a value and acted on it? The author of an unpublished diary or letter, or an early draft never intended to see the light of day, should be entitled to a meaningful remedy if the work is published without authorization.

In fact, it is precisely because copyright protection is now so easy to obtain, with no need to know the law, that all remnants of formalities are inappropriate. If the automatic attachment of rights may be reversed in whole or in part by inadvertent forfeitures of rights or remedies, the structure of incentives is seriously undercut.

It is true that marking, whether by notice or registration, gives some comfort to would-be users. The central problem with formalities as they have existed in the United States, however, is that they give this comfort by penalizing authors and other copyright owners—often severely and disproportionately. To put it bluntly, formalities put users' interests ahead of owners' interests. In a formality-based system, copyright owners are barred from enforceable rights and effective remedies even if their failure to comply is the result of ignorance, mistake or impossibility, in order to benefit those who want to copy from them.<sup>76</sup> This is not to say that users as a class are immoral, or do not in many cases have strong equitable or instrumental claims. There are important interests on their side

<sup>75</sup> This concern is reflected to some extent in the legislative history of § 412, which indicates a policy judgment that since unpublished works are to be protected without notice, it is desirable to have owners stake their claim publicly through registration. See H.R. REP. NO. 388, *supra* note 22.

<sup>76</sup> See Ginsburg, *supra* note 4, at 133:

Imposition of formalities results from the premise that creating the work does not alone justify protection: it is the author's burden to assert her rights; should she fail to do so, the innocent public should not be liable for unauthorized publication. In effect, the law favours free copying; that initial position should not vary unless the author undertakes to warn the world of her claims.

of the balance too, but the question is whether those interests should take precedence over copyright owners' across the board.

#### A. *Effect of a Lack of Formalities on Users*

Those opposing repeal of sections 411(a) and 412 predict that the lack of any marking by copyright owners will impair the creativity of second authors, by hampering their ability to build on prior works.<sup>77</sup> While this is a possibility, it must be kept in perspective. A lack of marking will not significantly chill future creation generally. Since there can be no infringement without copying, all new authors can create freely, without inhibition from the existence of prior works whose owners have not marked them. Even if a new author coincidentally produces an identical work, he will not be liable.<sup>78</sup>

The only potential impact of a lack of marking, then, will be on those authors who wish to copy. Of this group, some copiers will surely engage in creative, transformative uses, adding richness and diversity to the public discourse.<sup>79</sup> But much copying is pure piracy—intentional, non-transformative duplication of another's expression. There is little policy reason to protect this type of user. While the public may benefit from the availability of cheaper copies, the premise of copyright law is that this benefit is outweighed by the benefit of enhanced creation resulting from the incentive of copyright.

What about the creative second author wishing to build on a prior work? What will the lack of formalities mean for her? She must assume that the work is protected by copyright, and that the full range of statutory remedies will be available in any infringement suit. It is far from obvious that this is a negative. For the law-abiding author, three choices will present themselves: to refrain from using substantial amounts of her predecessor's expression, to rely in good faith on a fair use defense, or to locate the copyright owner and request permission. In other words, she will have the same options as if the work were marked. All that will be lost is the special benefit that the law currently provides from a lack of marking.

An analogy might be drawn to a pedestrian finding a bicycle

<sup>77</sup> See Baumgarten & Jaszi, *supra* note 70; Jaszi, *supra* note 70.

<sup>78</sup> See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 54 (2d Cir. 1936).

<sup>79</sup> See *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164, 1171 (1994) ("The goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works."); Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990).

on the street, and wishing to borrow it to travel to his destination. The ordinary bicycle is not labeled with its owner's name, nor registered in any public file. Nevertheless, the pedestrian will assume that it belongs to someone, and that he is not entitled to take it without permission.<sup>80</sup> In a marking-free world, ownership rights in works of authorship should command the same respect.

Of course, the subject matter of copyright differs in important respects from tangible personal property. Notably, others have a greater need to use the work, so they can build on it in creating new works. Moreover, unlike the bicycle, such a taking benefits the public by increasing access to both new and already-created works. And the use of the work by one person does not take from the public by preventing its simultaneous use by others.<sup>81</sup> Accordingly, one might conclude that the copyright property interest should yield to the public good. But the same conclusion could equally well be drawn about the issues raised by any use of a copyrighted work—that copyright is different from other types of property in these respects, and that doubts should therefore be resolved against protection.<sup>82</sup> In order to persuade, there must be a reason why formalities in particular should be selected as a means of limiting copyright rights—rather than, for example, decreasing the term of protection or expanding the doctrine of fair use.

### B. Choosing a Default Rule

Ultimately, the issue is the burden of proof. What starting position should the law impose? Will we presume works are unpro-

<sup>80</sup> Professor Monroe Price has pointed out that there is a park in Holland where bicycles provided by the government are free for the taking. *The New York Times* recently reported a similar government bicycle subsidy in Portland, Oregon. *Take This Bike, Please*, N.Y. TIMES MAG., Dec. 18, 1994, at 17. This entertaining information does not undercut the point; in a circumscribed environment where either bicycles or works of authorship are not defined as private property, of course members of the public should feel free to use them without permission.

<sup>81</sup> In economic terms, this is the "public goods" problem. See, e.g., William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325, 326 (1989). For copyrights as for lighthouses, every member of the public can benefit from the creator's production at the same time, and cannot easily be barred from access. Economic theory concludes that the law must provide the right to exclude, rather than relying on the marketplace, or the creator will not have sufficient incentive to produce. See Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and its Predecessors*, 82 COLUM. L. REV. 1600, 1610-11 (1982). Psychological speculation suggests that this attribute of intellectual property may explain in part the willingness of many to copy works of authorship without permission when they would never dream of taking someone's bicycle.

<sup>82</sup> Similar arguments were voiced (ultimately unsuccessfully) in opposition to the Automatic Renewal Act of 1992. See *supra* note 37. For example, some argued that the public benefits when works fall into the public domain sooner, and therefore the burden of filing an application for renewal should properly remain with the copyright owner.

tected unless rights are affirmatively claimed, or presume they are protected unless determined not to be? The choice must be made one way or the other.

The better approach is to mandate the presumption that works are protected throughout the copyright term. We should make this choice for a number of reasons. The most important is the fundamental purpose of copyright, as a system predicated on providing incentives for the creation of works of authorship. Given that purpose, the law's first priority should be to ensure that the incentives provided are meaningful, reliable and consistent.

Moreover, in our concern for second authors, we should not forget that they in turn become prior authors, and benefit from being able to enforce their own rights fully. Unlike pirates, they have a stake in the protection of works of authorship as well as in their use. Thus, to the extent these authors lose anything, they enjoy a corresponding gain.<sup>83</sup> And their increased incentive to create ultimately benefits the public.

Through accession to Berne, we have already committed ourselves to this default rule as a matter of principle. Our implementation, however, has been less than perfect, focusing more on the initial creation of rights than on maintaining them intact. Since 1978, U.S. copyrights have attached automatically upon creation.<sup>84</sup> As Berne dictates, rights come into existence without compliance with formalities. But Berne demands more; once granted, rights may not be revoked or limited for failure to follow formalities. So far our compliance has been grudging, removing only the most obvious formalities, or removing them only for works from non-U.S. Berne members. It is now time to accept the principle wholeheartedly, in spirit as well as in letter, and follow through by purging U.S. law of the remnants of formalities.

The choice of the "protection" default setting is especially important in a market that is international in scope. Copyrights today are exploited around the globe. If the United States continues to impose formalities on the effective enforcement of rights, even if the formalities are technically Berne-compatible, other countries may choose to do so as well. The consequence could be a bewildering welter of formalities, all of which must be ascertained and complied with in order to obtain remedies in different countries of exploitation.

<sup>83</sup> See *Nash v. CBS, Inc.*, 899 F.2d 1537, 1540-42 (7th Cir. 1990).

<sup>84</sup> 17 U.S.C. § 102(a) (1988 & Supp. V 1994) ("Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression. . . .") (emphasis added).

Finally, it is inappropriate to take away rights of general application (including remedies), provided to implement substantive policies, solely because of a technicality. The availability of substantive rights and meaningful remedies should not turn on the failure to file a piece of paper in the correct form at the proper time. It should turn only on a comparable *policy* judgment that a limitation on the rights or remedies is desirable. And while polices do exist that might support the imposition of formalities, they are already accommodated in a better-tailored fashion through a variety of techniques built into existing law for just that purpose, most notably: the defense of independent creation,<sup>85</sup> the idea/expression dichotomy,<sup>86</sup> the fair use defense,<sup>87</sup> and the balancing of equities inherent in any grant of injunctive relief.<sup>88</sup> This assortment of techniques guards against the dangers of chilling new creation, monopolizing information, or barring access to creative new works.

Supplementing the copyright-specific reasons is the basic issue of fairness. It is not good policy for any legal regime to penalize the unwary, the less well-off, and the less sophisticated. The reality is that many individual authors fall into one or more of these categories when it comes to the technical requirements of copyright law. They have little legal expertise, either personally or readily available. We should not make the choice that conditions rights on such expertise.

### C. *Life Without Formalities*

Can we live in a brave new world with no markings of copyright ownership? There has been copious speculation on the subject.<sup>89</sup> Moving beyond conjecture, some evidence is available. First, other countries live in a marking-free world, including the major industrial countries of Western Europe, and have for many years. Their laws impose no requirements of notice, registration, or examination by a government office. There is no indication that the quality or quantity of authorship has suffered as a result.<sup>90</sup>

<sup>85</sup> See *supra* note 78 and accompanying text.

<sup>86</sup> 17 U.S.C. § 102(b) (1988); *Feist Publications, Inc. v. Rural Tel. Serv.*, 499 U.S. 340, 350 (1991); *Harper & Row Publishers, Inc. v. Nation Enter.*, 471 U.S. 539, 556 (1985); *Baker v. Selden*, 101 U.S. 99 (1879).

<sup>87</sup> 17 U.S.C. § 107 (1988).

<sup>88</sup> See *Campbell v. Acuff-Rose*, 114 S. Ct. at 1171 n.10; *American Geophysical Union v. Texaco, Inc.*, 37 F.3d 881, 889-900 n.19 (2d Cir. 1994); *Abend v. MCA, Inc.*, 863 F.2d 1465, 1479 (9th Cir. 1988), *aff'd on other grounds sub nom.*, *Stewart v. Abend*, 495 U.S. 207 (1990).

<sup>89</sup> See generally ACCORD REPORT, *supra* note 22, at A51-A417 (working papers).

<sup>90</sup> A small, informal survey by Professor Benjamin Kaplan in 1956 found that the British did not perceive practical difficulties in clearing rights without a system of registration or recordation. See KAPLAN, *supra* note 6, at 63.

And several of these countries have excellent national libraries, built in part through deposit requirements no longer tied to the copyright system—one prime example being the renowned British Library.

Second, we can look to other forms of intangible property rights in our own country, not all of which require marking. Trademark law, for example, provides rights without any requirement of registration or notice.<sup>91</sup> Would-be users of marks are obliged to search databases and directories for prior ownership, and to make judgments about the extent of others' rights. They do not have certainty as to their ability to use the mark. Nor does the right to prevent misattribution under section 43(a) of the Lanham Act depend on a prior public statement of any intent to claim rights.<sup>92</sup> Similarly, the right of publicity provides rights without formalities; users of names or likenesses must assume that the proprietors may choose to assert these rights.<sup>93</sup> As to patents, the other principal form of intellectual property in the United States, while patent applications must be filed with the federal government, the information they contain is much more critical than for copyrights because patent infringement is akin to strict trespass; there is no independent creation defense and no fair use privilege.

### CONCLUSION

The conclusion is not that marking is bad. Indeed, no one would dispute its usefulness. But meaningful rights and remedies should not depend on it. The optimal solution is instead a voluntary marking system, user-friendly and supplemented by incentives

<sup>91</sup> It is true that federal trademark law makes the availability of certain enhanced remedies contingent upon notice or registration with the United States Patent and Trademark Office. 15 U.S.C. § 1111 (1988) (no profits or damages to be awarded for infringement if trademark owner did not give notice of registration and defendant did not have actual notice of registration); § 1116(d) (1988) (ex parte seizures involving use of counterfeit marks); § 1117(b) (1988) (treble damages and attorney's fees for counterfeit marks); § 1127 (1988 & Supp. V 1994) (definition of "counterfeit mark"). But these remedies are not critical to enforcement of rights in the ordinary infringement case, since the remaining remedies are more than adequate to compensate for any harm to the trademark owner in a lawsuit based on a property interest the value of which is by definition purely commercial. Given the threat of injunctive relief, actual damages and profits, it would be too risky to invest substantial resources in using another's mark relying on the owner's inability to obtain treble damages. Moreover, state law provides parallel remedies without requiring formalities, including the possibility of punitive damages. See J. THOMAS MCCARTHY, 2 TRADEMARKS AND UNFAIR COMPETITION § 30.29[1] (3d ed. 1992).

<sup>92</sup> See 15 U.S.C. § 1125(a) (1988 & Supp. V 1994); *Gilliam v. American Broadcasting Co.*, 538 F.2d 14 (2d Cir. 1976). This right has been viewed as the essential equivalent of the moral right of attribution. See, e.g., H.R. REP. NO. 609, 100th Cong., 2d Sess. 34 (1988).

<sup>93</sup> Some jurisdictions require the owner to have exploited her identity commercially, thereby arguably staking out her property interest publicly; others do not. See J. THOMAS MCCARTHY, THE RIGHTS OF PUBLICITY AND PRIVACY § 4-1(c) (1994).

that are neither litigation-based nor necessary for the effective enforcement of rights. The proposed Copyright Reform Act of 1993 represented a reasonable attempt to fashion such a solution.<sup>94</sup>

On a positive note, there is a bright spot on the horizon for accommodating the interests of both copyright owners and users. Increased electronic dissemination of works, while enhancing opportunities for easy, quick and perfect copying, also provides the technological means for implementing voluntary systems for providing information and for licensing uses.<sup>95</sup> The digital future promises to reduce the importance of registration as a means for mediating between first and second authors.

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<sup>94</sup> If mandatory marking is eliminated, a natural pressure arises to add to the law various shields for innocent infringers. The versions of the Copyright Reform Act passed by the House of Representatives in 1993 and 1994 reflected the results of such pressure, amending section 504(c)(2) of the Act to allow courts to reduce statutory damages to zero (rather than a floor of \$200). See H.R. 4307, *supra* note 60. This change was probably unnecessary in light of the discretion already given to the courts, but not disturbing as long as meaningful remedies still remain, including actual damages and profits, attorney's fees, and injunctive relief. The difference in either deterrent or incentive value between a possible award of zero and a possible award of \$200 at the end of the litigation seems slight.

<sup>95</sup> See, e.g., INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: A PRELIMINARY DRAFT OF THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 108-16 (July 1994).