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Restoration of Copyrights: Dueling Trolls and Other Oddities
Under Section 104A of the Copyright Act
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INTRODUCTION

In 1994, Congress fundamentally altered the landscape of United States copyright law by enacting Section 104A of the 1976 Copyright Act.¹ In a single stroke, this provision—aimed at bringing the United States into compliance with the Berne Convention’s “Rule of Retroactivity”²—automatically restored U.S. copyrights in a vast universe of foreign works as a matter of law on January 1, 1996.³

During the first ten years of section 104A’s existence, the handful of published decisions relating to “restored copyrights” have concerned such various works as

- flame-haired “Troll Dolls,” originally from Denmark, in vogue with children throughout the United States during the 1960s;⁴
- the sound recording of the theme song, underlying musical composition and artwork from classic Japanese *Godzilla* motion pictures;⁵
- numerous masterpieces of twentieth-century Russian composers Prokofiev, Stravinsky, Shostakovich, Khatchaturian, Glier, Kabalevsky and others;⁶
- thousands of foreign films, including the 1963 motion picture *The*

1. Section 104A is part of the legislation implementing the General Agreement on Tariffs and Trade (“GATT”). See Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809, 4976 (1994) (codified as amended at 17 U.S.C. § 104A (1994)); Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised at Paris, July 24, 1971 (amended 1979), 25 U.S.T. 1341, 828 U.N.T.S. 221 [hereinafter Berne Convention] (providing minimum standards for protecting copyrights internationally); Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994-Marrakesh Agreement Establishing the World Trade Organization art. 9, 33 I.L.M., 1125, 1197 [hereinafter TRIPs Agreement] (establishing minimum standards for protecting intellectual property rights internationally).

2. See 17 U.S.C. § 104A. “This protection results from the United States’ promise, in the context of the TRIPs annex to the Agreement Establishing the World Trade Organization (“WTO”), to adhere to the Berne Convention, which the United States had entered in 1989. In order to comply with the Berne Convention’s ‘Rule of Retroactivity’ contained in [a]rticle 18, Congress enacted the Uruguay Round Agreements Act. The Act supplanted a previous version of § 104A (enacted only one year earlier in an effort to comply with the North American Free Trade Agreement (“NAFTA”), and provided for broad restoration of foreign works.” *Dam Things From Den. v. Russ Berrie & Co. (Dam Things II)*, 290 F.3d 548, 554 (3d Cir. 2002) (citations omitted).

3. See *Dam Things II*, 290 F.3d at 552 (“Section 104A is a highly unusual provision which has restored copyright protection in a vast number of foreign works previously in the public domain.”). Section 104A operates only to restore U.S. copyrights in foreign works. See PAUL GOLDSTEIN, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW AND PRACTICE § 3, at 61 (2001) [hereinafter GOLDSTEIN, INTERNATIONAL COPYRIGHT] (“Copyright is territorial: a French or Japanese copyright does not exist outside France or Japan.”). See also *Subafilms, Ltd. v. MGM-Pathe Comm’ns Co.*, 24 F.3d 1088, 1091 n.6 (9th Cir. 1994) (“The Copyright Act does not extend to acts of infringement that take place entirely abroad . . .”).

4. See *Dam Things From Den. v. Russ Berrie & Co. (Dam Things I)*, 173 F. Supp. 2d 277, 279 (S.D.N.J. 2001); *Dam Things II*, 290 F.3d at 553.

5. See *Toho Co. v. Priority Records*, 2002 U.S. Dist. LEXIS 14093, at *2-3 (C.D. Cal. 2002); *Toho Co. v. William Morrow & Co.*, 33 F. Supp. 2d 1206, 1209 (C.D. Cal. 1998).

6. See *Luck’s Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107, 110 (D.D.C. 2004); *Luck’s Music Library, Inc. v. Gonzalez*, 407 F.3d 1262 (D.C. Cir. 2005).

Sicilian, and many dozens of films by the legendary Mexican actor-writer-producer Cantinflas, from that country's "Golden Age" of cinema;⁷

- elaborate woodblock prints of the German artist M.C. Escher that have long enjoyed widespread commercial success in the United States;⁸
- a photograph of Charlotte Dabney by well-known German photographer Thomas Hoepker, the image of which was published once in the German photography magazine *Foto Prisma* in 1960⁹ and
- vintage recordings of Pablo Casals, Yehudi Menuhin and Edwin Fischer from the 1930s originally recorded for The Gramophone Company Limited (now known as EMI Records).¹⁰

As artistically and commercially significant as these many works may be, they represent only the tip of the iceberg. The universe of restored works is commercially and artistically far-reaching and may prove to be of considerable financial and creative significance over time.¹¹

Given changing demographics in the U.S. and the vast number of restored copyrights that exist in classic Mexican films¹²—many of them owned by Hollywood studios—it is no surprise that these works have spawned some of the earliest section 104A lawsuits.¹³ In the future, Hollywood could find itself drawn even further into section 104A litigation, over not only foreign films but foreign

7. See *id.* See also *Alameda Films v. Authors Rights Restoration Corp., Inc.*, 331 F.3d 472, 475 (5th Cir. 2003); *Laparade v. Ivanova*, 387 F.3d 1099 (9th Cir. 2004); *Ivanova v. Columbia Pictures*, 217 F.R.D 501, 503 (C.D. Cal. 2003); *Films By Jove, Inc. v. Berov*, 154 F. Supp. 2d 432, 435 (E.D.N.Y. 2001).

8. See *Cordon Holding B.V. v. Nw. Publ'g Corp.*, 2002 U.S. Dist. LEXIS 6111, at *3-4 (S.D.N.Y. 2002); *Cordon Art B.V. v. Walker*, 1996 U.S. Dist. LEXIS 20708, at *2-3 (S.D. Cal. 1996); *Cordon Holding C.B. v. Nw. Publ'g Corp.*, 2005 U.S. Dist. LEXIS 3860, at *4 (S.D.N.Y. 2005).

9. See *Hoepker v. Kruger (Hoepker I)*, 2001 U.S. Dist. LEXIS 13043, at *1 (S.D.N.Y. 2001); *Hoepker v. Kruger (Hoepker II)*, 200 F. Supp. 2d 340, 342 (S.D.N.Y. 2002).

10. See *Capitol Records v. Naxos of Am. (Capitol Records I)*, 262 F. Supp. 2d 204 (S.D.N.Y. 2003); *Capitol Records v. Naxos of Am. (Capitol Records II)*, 372 F.3d 471, 474 (2d Cir. 2004).

11. Notices of Intent to Enforce a Restored Copyright ("NIEs") have been filed at the U.S. Copyright Office for numerous internationally prominent authors and works. (See Section II.C.1, *infra*, for a discussion of NIE filing and service procedures.) NIEs have been filed on behalf of Robert Graves, Leni Riefenstahl, C.S. Lewis and Alain Robbe-Grillet, for example. NIEs have been filed for many hundreds of European, Russian and Mexican films claimed by entities such as MGM, Inc., Merchant Ivory, UGC DA International, Soyuzmultfilm Studios, Columbia Pictures (e.g., *Los Tres Mosqueteros*), Star TV Filmed Entertainment, Ltd. (e.g., *Bruce Lee, the Legend*) and CAM, SRL (claiming Fellini films such as *8 1/2*, *La Dolca Vita*, *Casanova*, *Juliet of the Spirits*, *The Leopard* and others). NIEs for many hundreds of music compositions, some by prominent twentieth-century foreign composers, have been filed by entities such as Boosey & Hawkes, Chester Music, Ltd., G. Schirmer, Music Sales Corp. ("Alley Cat") and Larrikin Music Publishing Pty. ("Kookabura Sits in the Old Gum Tree"). Numerous literary works have been claimed by Harcourt Brace, among many others. Once public domain Beatles photographs owned by Apple Corps also have been claimed.

12. See *supra* note 11.

13. See *Alameda Films v. Authors Rights Restoration Corp., Inc.*, 331 F.3d 472 (5th Cir. 2003); *Laparade v. Ivanova*, 387 F.3d 1099 (9th Cir. 2004); *Ivanova v. Columbia Pictures*, 217 F.R.D 501, 503 (C.D. Cal. 2003).

works incorporated in Hollywood productions (e.g., novels, screenplays and soundtracks) whose U.S. copyrights may have been restored.¹⁴ Author J.R.R. Tolkien's *Lord of the Rings* trilogy, for example, is among those many works whose U.S. copyrights have been restored under section 104A.¹⁵

Use in the United States of restored foreign works assumed to be in the public domain is widespread. Scientific texts previously in the public domain, now protected under restored U.S. copyrights (often from countries with which the U.S. has never had copyright relations), are routinely published in the United States verbatim without a license. U.S. distributors and publishers of books and records regularly sell foreign works that are thought to be in the public domain but are now protected by restored copyright. Entire businesses, some built upon decades of previously legal use of foreign public domain materials, could be forced to close their doors.¹⁶

Restoration of foreign works operates automatically and, thus, is a trap for the unwary. Section 104A treats U.S. works differently from foreign works, resurrecting not a single domestic copyright from the public domain.¹⁷ The obvious question arises: what led Congress to enact such a thing?

I. BACKGROUND OF SECTION 104A

A. ENACTMENT OF SECTION 104A

After decades of reluctance, the United States finally became a member of the Berne Convention on March 1, 1989.¹⁸ Despite the fact that the first Berne Act,

14. In discussing why the U.S. should not join the Berne Convention, a Senate Foreign Relations Report from the 1950s stated, "This revival of copyright under the retroactivity doctrine would have worked considerable prejudice to American motion picture, music, and publishing houses. Thus, for example, it might have required an American movie producer to start paying royalties to a foreign author for a work which had been adapted for the cinema when it was not protected in the United States." See, e.g., S. EXEC. REP. NO. 5, 83d Cong., 2d Sess. 3 (1954).

15. See Copyright Restoration of Works in Accordance With the Uruguay Round Agreements Act, 61 Fed. Reg. 46,134, 46,158 (Aug. 30, 1996).

16. See, e.g., *Luck's Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107, 111 (D.D.C. 2004) (noting that "many of Moviecraft's customers refuse to purchase and use the [restored] foreign works"). See also Moviecraft Memos, <http://www.moviecraft.com> (last visited Jan. 17, 2005) (indicating that Moviecraft has been in business since 1985).

17. See, e.g., 17 U.S.C. § 104A(h)(6)(E) (restoring copyrights in foreign sound recordings, even though U.S. copyright protection remains unavailable for U.S. sound recordings fixed prior to February 15, 1972). See also *Barris v. Hamilton*, 1999 U.S. Dist. LEXIS 7225, at *16 (S.D.N.Y. 1999) (finding "[p]laintiff's work is not eligible for 'restoration' once the copyright lapsed as it was authored by an American").

18. Nevertheless, the 1976 Copyright Act included various provisions anticipating the United States' eventual ratification of Berne. See Berne Convention Implementation Act, Pub. L. No. 100-568, 102 Stat. 2853 (1988); H.R. REP. NO. 100-609, at 21, 41 (1988) ("It can safely be stated that Congress drafted and passed the 1976 Act with a 'weather eye' on Berne"); *Chere Amie, Inc. v. Windstar Apparel Corp.*, 191 F. Supp. 2d 343, 350 (S.D.N.Y. 2001) ("An innovation of the 1976 Copyright Act was to move to a system of 'automatic copyright' in which copyright vests by the mere act of creation.") (citation omitted). This change was made in contemplation of the United States' eventual joining of the

which was enacted in 1886, had long established the *de facto* standard for international copyright norms and protection, the United States had steadfastly resisted membership in the Convention because it objected to Berne's protection of moral rights,¹⁹ its prohibition on formalities²⁰ and its requirement of restoring certain expired copyrights.²¹

During the 1990s, however, the United States became increasingly concerned over piracy.²² It engaged in efforts to protect intellectual property rights

Berne Convention for the Protection of Literary and Artistic Works, article 5(2) of which prohibits the "enjoyment and exercise" of copyright being "subject to any formality." (citing 1 WILLIAM PATRY, COPYRIGHT LAW & PRACTICE 59, 428 (1994)); GOLDSTEIN, INTERNATIONAL COPYRIGHT, *supra* note 3, at § II ("[T]he prospect of Berne membership explains the decision in the 1976 Act to extend the general term of copyright to the Berne minimum term of fifty years after the author's death."). *But see* 17 U.S.C. § 104(c) ("No right or interest in a work eligible for protection under this title may be claimed by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto. Any rights in a work eligible for protection under this title that derive from this title, other Federal or State statutes, or the common law, shall not be expanded or reduced by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto.").

19. Although beyond the scope of this article, moral rights (for example, rights of attribution, integrity, divulgation and withdrawal) are recognized by many countries and are reinforced by international treaty. *See, e.g.*, Berne Convention, *supra* note 1, art. 6*bis*, 10, 10*bis*; WIPO, Performances and Phonograms Treaty art. 5(I), Dec. 20, 1996, 36 I.L.M. 76, 86 (1997). Except in the most limited circumstances, however, moral rights are not protected and may not be asserted under U.S. copyright law. *See, e.g.*, 17 U.S.C. § 106A (extending rights of attribution and integrity to certain "works of visual art" under highly circumscribed situations). Nevertheless, in the United States, some protection for rights amounting to attribution and integrity can be had under state and federal unfair competition, privacy, defamation and other laws.

20. *See* Berne Convention, *supra* note 1, art. 5(2). *See also infra* Section II.A.3.a. Throughout the twentieth century, the United States maintained certain copyright "formalities" that the vast majority of other nations did not impose. However, since the amendment of the 1976 Act by the Berne Convention Implementation Act (effective March 1, 1989), the formalities of copyright notice, deposit and registration are no longer conditions of copyright protection in the United States. *See* Berne Convention Implementation Act, Pub. L. No. 100-568, 102 Stat. 2853 (1988).

21. Article 18 of the Berne Convention provides that member countries shall provide copyright protection "to all works which, at the moment of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection." *See* Berne Convention, *supra* note 1, art. 18. Although this provision does not require "restoration" per se, article 18 has been interpreted as requiring the restoration of foreign works provided for under section 104A.

22. The Motion Picture Association of America ("MPAA"), the Recording Industry Association of America ("RIAA") and the International Intellectual Property Alliance ("IIPA") all supported passage of section 104A. *See Intellectual Property Provisions: Joint Hearing on H.R. 4894 and S. 2368 Before the Subcomm. on Intellectual Property & Judicial Administration of the H. Comm. on the Judiciary and the Senate Subcomm. on Patents, Copyrights and Trademarks of the S. Comm. on the Judiciary*, 103d Cong. 133, 255 (1994) (statement of Jack Valenti, President and CEO, MPAA) (urging Congress to adopt retroactive foreign copyright restoration to benefit U.S. business abroad). *See also id.* at 250 (comments of Jason Berman, CEO, RIAA); *id.* at 244 (comments of Eric H. Smith, Executive Director, IIPA). These organizations saw section 104A as a compromise that would result in overriding benefits to U.S. copyright owners whose works were being infringed elsewhere in the world. *See Dam Things From Den. v. Russ Berrie & Co.*, 173 F. Supp. 2d 277, 281 n.3 (S.D.N.J. 2001) ("The motivation for this startling change in copyright policy is ultimately to benefit United States authors—the hope being that retroactive American protection of foreign works will induce foreign countries to afford retroactive protection to American works.") (citing 3 DAVID NIMMER, NIMMER ON COPYRIGHT, § 9A.01. (2001)); *Intellectual Property Provisions: Joint Hearing on H.R. 4894 and S. 2368 Before the Subcomm. on Intellectual Property & Judicial Administration of the H. Comm. on the Judiciary and the Senate*

worldwide, joining the World Trade Organization ("WTO") during this period.²³ In 1994, the United States spearheaded adoption of the Uruguay Round agreements, a central legal accomplishment of which was the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs Agreement").²⁴ TRIPs did not recognize moral rights, but it otherwise made provisions of Berne enforceable through WTO mechanisms. In order to comply with Berne's article 18 and avoid sanctions, the United States enacted section 104A.²⁵

Section 104A was implemented on a fast-track basis.²⁶ "After [section 104A] was introduced on September 27, 1994, Congress promptly adjourned for its midterm election campaigns. When passed in December by a largely lame duck Congress, not one comma was altered."²⁷ Moreover, because TRIPs was not a "treaty," it was never presented to the U.S. Senate for advice and consent.²⁸ Consequently, the legislative history of section 104A is limited solely to several

Subcomm. on Patents, Copyrights and Trademarks of the S. Comm. on the Judiciary, 103d Cong. 133, 248 (1994) (statement of Eric H. Smith, Executive Director, IIPA) ("Obtaining protection for U.S. movies, music, sound recordings, software, books, and other copyrighted works on a 'retroactive' basis has been one of the key objectives of the last three Administrations. The reason is simple: vast libraries of valuable works remain unprotected in many countries that have been either late in passing copyright legislation or late in entering into copyright relations with the [United States]."). See also Marshall A. Leaffer, *Protecting United States Intellectual Property Abroad: Toward a New Multilateralism*, 76 IOWA L. REV. 273, 282-83 (1991) (describing a change in attitudes among developing nations that are beginning to see the benefits of strong copyright protection).

23. See *supra* note 1.

24. See David Nimmer, *The End of Copyright*, 48 VAND. L. REV. 1385, 1391 (1995) [hereinafter Nimmer, *The End of Copyright*].

25. Various commentators suggest that section 104A went well beyond the mandate of Berne Article 18 or the requirements under the Uruguay Rounds. See, e.g., Peter A. Jaszi, *Goodbye to All That—A Reluctant (and Perhaps Premature) Adieu to a Constitutionally-Grounded Discourse of Public Interest in Copyright Law*, 29 VAND. J. TRANSNAT'L L. 595, 607 (1996) [hereinafter Jaszi]; Gloria C. Phares, *Retroactive Protection of Foreign Copyrights: What Has Congress Be-GATT?*, 7 J. PROPRIETARY RTS. 2 (1995).

26. See Nimmer, *The End of Copyright*, *supra* note 24, at 1398. See also Irwin Karp, *Final Report, Berne Article 18 Study on Retroactive United States Copyright Protection for Berne and Other Works*, 20 COLUM.-VLA J.L. & ARTS 157, 173, 185-86 (1996) [hereinafter Karp Report] (attributing the lack of a legislative history to the adoption of section 104A under a "fast track" regimen and noting that "[a]s part of the overall trade bill, written primarily by the USTR the new § 104A could only be defeated if Congress rejected the entire bill"); see WILLIAM PATRY, *COPYRIGHT AND THE GATT: AN INTERPRETATIONAL LEGISLATIVE HISTORY OF THE URUGUAY ROUND AGREEMENTS ACT 1* (1995) [hereinafter PATRY, *COPYRIGHT AND THE GATT*] (noting that "[t]he Uruguay Round was signed on April 15, 1994, just before the Clinton Administration's authority to submit implementing legislation to Congress under fast-track procedures expired."). MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT § 9A.04[C][3][b]* (2003) [hereinafter NIMMER ON COPYRIGHT] (referring to "the black hole of legislative history surrounding the Uruguay Round Agreements Act").

27. Nimmer, *The End of Copyright*, *supra* note 24, at 1407-08. Section 104A "was written by the Administration . . . The copyright and other intellectual property provisions were prepared by the Office of the United States Trade Representative (USTR). Among the principal architects of § 104A were USTR's associate general counsel, Catherine Field, and two Patent and Trademark Office attorneys, Chris Meyer and Michael Keplinger (well-respected copyright experts). Counsel for the Judiciary Committee copyright subcommittees played a minor role. The Register of Copyrights and her staff were not invited to participate in the drafting process." Karp Report, *supra* note 26, at 185-86.

28. See PATRY, *COPYRIGHT AND THE GATT*, *supra* note 26, at 3.

pages in the Statement of Administrative Action (“SAA”), adopted by Congress as “quasi-legislative history,”²⁹ a scant House Report,³⁰ and an equally brief and un-instructive Senate Report.³¹ As a result, courts, commentators and litigators are largely on their own when interpreting section 104A.

B. THE EMERGING LANDSCAPE OF SECTION 104A

Section 104A creates numerous problems for copyright owners and users, litigators and courts.³² Even experienced U.S. copyright practitioners may be unaware of the legal significance of January 1, 1996, the date on which U.S. copyrights in qualifying public domain foreign works were automatically restored. Owners of restored works and their counsel may often be unaware of, or slow to assert, their rights under section 104A.

The section 104A landscape is further complicated by the statute itself, which is highly technical, convoluted, oftentimes difficult to decipher and fraught with potential unintended consequences.³³ The provision’s shaky beginnings are evidence of this; in its short existence, section 104A has already required several Congressional clarifying amendments to render it decipherable.³⁴ Certain provisions of section 104A remain highly problematic and could benefit from additional clarification.

Although there have been challenges to the constitutionality of section 104A,³⁵

29. The URAA provides that “[t]he statement of administration action . . . shall be regarded as an authoritative expression by the United States concerning the interpretation and application of the Uruguay Round Agreements and this Act in any judicial proceeding in which a question arises concerning such interpretation or application.” See Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809, 4819 (1994). Thus, the SAA arguably serves in the place of committee reports created under the normal legislative process.

30. H.R. REP. NO. 103-826, pt. 1, at 8 (1994), as reprinted in 1994 U.S.C.C.A.N. 3773, 3780.

31. S. REP. NO. 103-412, at 123 (1994).

32. See Nimmer, *The End of Copyright*, *supra* note 24, at 1404, 1420 (observing that passage of section 104A “creates myriad issues and questions, which is why the recapture provision is so lengthy” and that, as a result, “practitioners and scholars trained in the discipline formerly called ‘copyright’ will in the future be called upon to answer even more questions, which will increase geometrically in complexity.”).

33. See, e.g., NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[A][4], 9A-28 (“[T]he crepuscular language in which [section 104A] resurrection is clothed gives ample opportunity for copyright plaintiffs to exercise their ingenuity.”).

34. See Copyright Clarifications Act of 1996, H.R. 554, 104th Cong. (1996) (proposal to amend section 104A(d)(3) “safe harbor” provision to correct a word change made “during technical and conforming revisions . . . [that] inadvertently altered the effect of the subsection and in large part nullified its purpose;” to amend section 104A(h)(2) to address statutory ambiguity over whether “date of restoration” was intended to be January 1, 1995 or January 1, 1996 and to amend section 104A(h)(3) definition of “eligible country” to correct provision inadvertently requiring that use of a restored work commence prior to 1886 in order to qualify the user for “reliance party” status); see also Proclamation 6780, 60 Fed. Reg. 15,845, 15,847 (March 23, 1995) (proclamation of President Clinton clarifying January 1, 1996 as the date upon which the TRIPs obligations would take effect in the United States).

35. See *Golan v. Ashcroft*, 310 F. Supp. 2d 1215 (D.C. Colo. 2004) (plaintiffs challenging the constitutionality of section 104A were found to have cognizable claims under the Intellectual Property clause and the First and Fifth Amendments and to have adequately distinguished their case from the holding of *Eldred v. Ashcroft*, 537 U.S. 186 (2003)). But see *Luck’s Music Library, Inc. v. Ashcroft*,

the Supreme Court's recent *Eldred* decision suggests the Court may not be overly-inclined to second-guess Congress's expansion of copyright protection under section 104A.³⁶ Indeed, certain commentators suggest Congress could eventually bend to pressure to expand restoration to United States works, rather than treating them disparately under the Act.³⁷ For the time being at least, it appears that copyright restoration is here to stay.

This Article highlights many areas of concern in the statute and emerging section 104A case law and aims to provide a roadmap to understanding and exploiting the provision.

C. THE PROBLEM CASES

As this Article illustrates, courts have struggled in applying section 104A due to incomplete or inaccurate applications of foreign law, inadequate factual records or findings of fact to conclusively establish or dispute required elements of the provision, or erroneous interpretations or applications of various parts of the provision.

Although this Article references every reported 104A decision to date, three restoration lawsuits figure heavily in its analysis: the *Dam Things* cases out of the Third Circuit,³⁸ the *Hoepker v. Kruger* cases decided by the Southern District of New York,³⁹ and the *Cordon Holding* and *Cordon Art* cases⁴⁰ filed in both the Southern District of California and the Southern District of New York. As these

321 F. Supp. 2d 107, 109 (D.D.C. 2004) (court not persuaded by plaintiff's post-*Eldred* constitutional challenge to section 104A under the Intellectual Property Clause and the First and Fifth Amendments).

36. See *Eldred*, 537 U.S. at 222 (upholding constitutionality of copyright duration extension); *Luck's Music Library, Inc. v. Gonzalez*, 407 F.3d 1262, 1265 (D.C. Cir. 2005) (finding U.S. Constitution does not bar section 104A); *Golan v. Gonzalez*, 2005 U.S. Dist. LEXIS 6800, *48 (D.C. Colo. 2005) (also finding U.S. Constitution is no bar to section 104A). Cf. PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 22 (pointing out that the first U.S. Copyright Act of 1790 "provided protection to maps, charts, and books that were created before the date of enactment so long as they were unpublished on that date."). But see *United Christian Scientists v. First Church of Christ*, 829 F.2d 1152, 1166 (D.C. Cir. 1987) (striking down law restoring copyrights in Mary Baker Eddy's works as violative of Establishment Clause, noting "it is not the office of Congress to grant continual, if indeed not perpetual, dominion over the text"). See also *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989) (holding, in patent case, that Congress does not have the authority to remove knowledge from the public domain because such action violates the federal policy of free competition).

37. See *Jaszi*, *supra* note 25, at 596 (arguing that, due to the disparate treatment of U.S. authors under section 104A, "[s]ooner or later, and more likely sooner than later, one will see legislation introduced in the U.S. Congress to restore protection for domestic works now in the public domain because of a pre-March 1989 failure of notice or a pre-June 1992 failure to renew"). See also Nimmer, NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.01 ("In future years, the pressure towards copyright restoration may gain greater momentum. American authors, disgruntled about the favoritism displayed under U.S. law towards foreign authors, may secure new amendments, rescuing their own works as well from the public domain."); *id.* at § 9A.05[A], [B] (discussing a 1997 Congressional clarifying amendment effectively restoring U.S. copyrights in musical compositions having previously entered the public domain due to their having been included on phonorecords without notice).

38. See *supra* note 4.

39. See *supra* note 9.

40. See *supra* note 8.

cases illustrate, restoration actions involving multiple, related works can be highly problematic, both from an evidentiary and legal standpoint. The *Dam Things* cases, in particular, raise complex issues under copyright law and are given special attention.

II. SCOPE AND APPLICATION OF SECTION 104A

Section A below identifies and discusses the criteria under which works may be eligible for restoration under section 104A. Section B identifies the persons eligible to assert copyright actions for infringement of restored works. Section C discusses enforcement of copyrights in restored works and the requirements for “reliance party” status under section 104A. Section D outlines the remedies available to the owner of a restored copyright. Finally, Section E summarizes the conclusions reached and identifies those section 104A provisions most in need of further clarification by courts, Congress or the Copyright Office.

A. WORKS ELIGIBLE FOR RESTORATION

“Restored works” are defined in section 104A(h)(6). In relevant part, this section provides that

“[t]he term ‘restored work’ means an original work of authorship that:

(A) is protected under subsection (a);⁴¹

(B) is not in the public domain in its source country⁴² through expiration of term of

41. Subsection 104A(a)(1)(B) provides that copyright in a restored work “shall subsist for the remainder of the term of copyright that the work would have otherwise been granted in the United States if the work never entered the public domain in the United States.” Thus, section 104A(h)(6)(A) underscores that copyright restoration is not available for works whose copyright terms under U.S. law would otherwise already have expired.

42. Section 104A(h)(8) defines a “source country” as “a nation other than the United States” and, in the case of a published work, “the eligible country in which the work is first published.” See 17 U.S.C. §§ 104A(h)(8)(A), (C)(i) (2000). The term “eligible country” includes, among other things, any country adhering to the Berne Convention, other than the United States. See 17 U.S.C. § 104A(h)(3). See *infra* Section II.A.4.

Sub-section (h)(8)(B) defines “source country” in the case of an *unpublished* work. This sub-section is a thorough anomaly. Under U.S. law, there are no circumstances in which an unpublished work (whether U.S. or foreign) would ever have entered the public domain in the United States or be subject to section 104A. See 17 U.S.C. § 104(a) (unpublished works “are subject to protection under this title without regard to the nationality or domicile of the author.”).

One further, problematic aspect of section 104A(h)(8) is worth noting. Sub-section (h)(8)(C) provides that when a work is published on the same day in more than one eligible country, “source country” means the eligible country that has the most significant *contacts* with the work. See 17 U.S.C. § 104A(h)(8)(C)(ii) (emphasis added). Although no published section 104A opinion has yet to address the issue, disputes are bound to arise under this provision. Traditional conflicts-of-law principles would resolve the issue by applying the law of the state with the *most significant relationship* to the transaction

protection;

(C) is in the public domain in the United States due to (i) noncompliance with formalities imposed at any time by United States copyright law, including failure of renewal, lack of proper notice, or failure to comply with any manufacturing requirements; (ii) lack of subject matter protection in the case of sound recordings fixed before February 15, 1972; or (iii) lack of national eligibility;

(D) has at least one author or rightholder⁴³ who was, at the time the work was created, a national or domiciliary of an eligible country, and if published, was first published in an eligible country and not published in the United States during the 30-day period following publication in such eligible country;⁴⁴ and

(E) if the source country for the work is an eligible country solely by virtue of its adherence to the WIPO Performances and Phonograms Treaty, is a sound recording.⁴⁵

The discussion that follows addresses these requirements one by one,

and the parties after considering (1) the needs of international systems, (2) the relevant policies of the forum, (3) the relevant policies of other states and their relative interests in the issue, (4) protection of justified expectations, (5) basic policies underlying the particular field of law, (6) predictability of the result and (7) ease in determining and applying the law. See Restatement (Second) of Conflicts of Laws 2d, §§ 188(2), (6) (1971). Did Congress intend courts to apply a traditional *most significant relationship* analysis under sub-section (h)(8)(C)(ii) or did it wish to supplant those principles with a *most significant contacts* analysis (i.e., more similar to a test for personal jurisdiction)? Neither section 104A nor its legislative history sheds any light whatsoever on this question. See PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 42 (noting that the term "significant contacts" under sub-section (h)(8)(C) is undefined, but suggesting that the country where the author resides or where there has been a greater degree of exploitation of the work would be determinative).

43. "Rightholder" as used in section 104A is a term of art and refers solely to "the person (A) who, with respect to a sound recording, first fixes a sound recording with authorization, or (B) who has acquired rights from the person described in subparagraph (A) by means of any conveyance or by operation of law." See 17 U.S.C. § 104A(h)(7). This designation takes into account the fact that in many countries there is no "author" of "copyright" in a sound recording; outside the U.S., sound recordings are often protected under neighboring rights regimes rather than under copyright. See PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 37.

44. A work that is published in the United States within thirty days of first publication in a source country is considered simultaneously published in the United States and is ineligible for copyright restoration under section 104A. See 17 U.S.C. § 104A(h)(6)(D). The reasons for this are largely historical, having to do with the so-called "back door to Berne." Under the 1948 Brussels Text and 1971 Paris Text Berne Conventions, a second publication made within thirty days of the first was deemed to have occurred "simultaneously." See NIMMER ON COPYRIGHT, *supra* note 26, at § 17.04[D][2][b]. Thus, prior to the United States joining Berne, U.S. authors were able to obtain "back door" protection in all Berne member countries by "simultaneously" publishing in a Berne member country (such as the U.K. or Canada) when first publishing in the U.S. See *id.* Section 104A effectively adopts the Berne definition of "simultaneous" publication: if a work was "simultaneously" first published in the source country and the United States, it will not be deemed a "foreign work" eligible for restoration under section 104A. See *infra* note 106.

45. No discussion of section 104A(h)(6)(E) is required since it is self-explanatory. Cf. 17 U.S.C. § 104(d) ("[N]o works other than sound recordings shall be eligible for protection under this title solely by virtue of the adherence of the United States to the Geneva Phonogram Convention or the WIPO Performances and Phonograms Treaty.").

highlighting the key substantive issues raised under the statute and court decisions.

1. The first requirement: the work is original

“Originality” is a threshold requirement of a restored work.⁴⁶ This is hardly remarkable, because works lacking originality are not copyrightable under U.S. law.⁴⁷ To be “original,” a work need contain only some minimal level of expression independently contributed by the author.⁴⁸

No published section 104A decision has yet turned on whether or not a restored work possessed or lacked sufficient originality to be copyrightable.⁴⁹ Such cases are likely to arise, however. In addition, cases appear certain to arise in which it is alleged that particular works were not original to the author but were copied from pre-existing sources. Given that works potentially eligible for restoration oftentimes will have been created by foreign authors many years ago, it may be especially difficult for restored copyright owners to prove independent creation.⁵⁰

a. The role of registration in establishing originality

In the typical U.S. copyright action alleging infringements of U.S. works, the plaintiff must obtain a copyright registration as a prerequisite to conferring federal subject matter jurisdiction over the action.⁵¹ Registration within five years of first publication further entitles the registrant to a *prima facie* presumption of valid copyright and, hence, of originality.⁵²

46. See 17 U.S.C. § 104A(h)(6) (“The term ‘restored work’ means an *original work* . . .”) (emphasis added).

47. See *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 351 (1991).

48. *Id.* at 345.

49. However, as discussed in Section II.A.5., *infra*, the originality requirement played a key role in the most complicated section 104A decision to-date, *Dam Things From Den. v. Russ Berrie & Co. (Dam Things II)*, 290 F.3d 548, 564 (3d Cir. 2002) (remanded for failure to determine whether works met requirements for “derivative works,” which “requires a determination as to originality”).

50. See NIMMER ON COPYRIGHT, *supra* note 26, at § 12.11 (“Given that United States copyrights subsist for nine decades or more, and given further that such questions as place of first publication or affixation of notice on early copies can affect the validity of the copyrights for all time, the burden of proof in copyright cases can, thus, often be dispositive.”).

51. 17 U.S.C. § 411(b) (“[N]o action for infringement of the copyright in any United States work shall be instituted until registration of the copyright claim has been made in accordance with this title.”).

52. 17 U.S.C. § 410(c) (“In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute *prima facie* evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court.”). Courts have extended the presumption of valid copyright not only to originality but to copyrightability, chain of title and compliance with formalities of plaintiff’s registered work. See PAUL GOLDSTEIN, COPYRIGHTS § 14.3.1 (2d ed. 2000 & Supp. 2004) [hereinafter GOLDSTEIN, COPYRIGHTS]; NIMMER ON COPYRIGHT, *supra* note 26, at § 12.11[B]. The section 410(c) presumption is rebuttable, though, and merely orders the burdens of proof. See, e.g., *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 908 (2d Cir. 1980) (“[A] certificate of registration creates no irrebuttable presumption of copyright validity.”). See also H.R. Rep. No. 94-1476, at 157 (1976) (discussing 17 U.S.C. § 410) (“[A] rebuttable presumption of the validity of the copyright does not deprive the defendant in an infringement suit of any rights; it merely

Due to the Berne Convention Implementation Act (effective March 1, 1989), registration is not required to confer jurisdiction over infringement actions based upon Berne country works.⁵³ Because registration is not generally required in their source countries, owners of foreign Berne works are unlikely to have registered those works in the United States within five years of first U.S. publication. As a result, many copyright restoration plaintiffs will come to court unaided by the presumption of valid copyright normally provided by U.S. copyright registration.

In the absence of a registration certificate, should a U.S. court extend to the owner of a restored copyright a presumption of a valid copyright in that work? Unless there are particular reasons for doubting a plaintiff's claim to originality, courts should extend the presumption to foreign works without a U.S. registration. This is principally due to issues of fairness: it is generally easier for a defendant to prove a plaintiff copied from existing works than it is for a plaintiff to prove independent creation.⁵⁴

b. Further benefits of registering foreign works

Owners of foreign works should nevertheless always obtain U.S. copyright registrations and as soon as practicable.⁵⁵ This is especially true if registration may be obtained prior to a defendant's commencement of U.S. infringement, because doing so entitles a prevailing plaintiff to seek attorneys' fees and statutory

orders the burdens of proof. The plaintiff . . . [need not] prove all of the . . . facts that underlie the validity of the copyright unless the defendant, by effectively challenging them, shifts the burden of doing so to the plaintiff.”)

53. See 17 U.S.C. § 411(b) (requiring registration only for U.S. works). See also Berne Convention Implementation Act, Pub. L. No. 100-568, 102 Stat. 2853 (1988). However, one court's treatment of registration in a section 104A case has been somewhat confusing. *Dam Things From Den. v. Russ Berrie & Co.*, 173 F. Supp. 2d 277, 282 n.5 (S.D.N.J. 2001) (suggesting that registration is a prerequisite to bringing an infringement action on a restored work); *id.* at 287, n.14 (concluding summarily that plaintiff was entitled to a prima facie section 410(c) presumption, when registrations of restored works were plainly untimely, while finding defendant's certificates were entitled to same presumption of validity).

54. See GOLDSTEIN, COPYRIGHTS, *supra* note 52, at § 14.3.1 n.12 (arguing that because a defendant “is better placed to present proofs on ownership . . . in cases where the work in suit is not subject to the registration requirement because it is a Berne Convention work whose country of origin is not the United States . . . and no registration is introduced, the defendant should bear the burden of going forward, just as if the plaintiff had properly obtained a registration certificate”); see also NIMMER ON COPYRIGHT, *supra* note 26, at § 12.11[B][1] (“To require the plaintiff to prove his (or his predecessor author's) originality rather than requiring the defendant to prove lack of originality would, it is said, impose upon the plaintiff ‘an impossible burden’ in that he would be required to prove a negative (*i.e.*, that he did *not* copy from any other source).”).

55. For example, there may exist some question as to whether registration is required prior to institution of suit for foreign works from non-Berne countries. See Karp Report, *supra* note 26, at 201 (“Registration is not required as a condition for suit, by virtue of § 411(a), for a work whose source country is a member of Berne. It would be required for a restored work whose source country was not a Berne member—*i.e.*, a country eligible because of WTO membership or Presidential Proclamation.”). *But see* Bermudez and Co. v. Bermudez Int'l, 2000 U.S. Dist. LEXIS 12354, at *35 (S.D.N.Y. 2000) (“No proof of registration is required if the work for which plaintiff seeks protection has been authored in a foreign country covered by an applicable Convention,” and describing Berne as “one such convention.”).

damages.⁵⁶

U.S. registrations obtained at *any* time may provide significant benefits, however, as courts have the discretion to extend a presumption of validity even where the works were registered more than five years after first publication.⁵⁷ Only one court has thus far addressed the issue in the context of section 104A. In a case involving 1500 animated films dating back to 1936, that court concluded that it was “particularly appropriate” to presume the restored copyrights in those works valid despite untimely registration.⁵⁸

Additionally, because U.S. courts are not accustomed to plaintiffs proceeding with their lawsuits without having U.S. registrations of their works, the owner of a restored work places himself or herself on much more familiar procedural ground in a U.S. infringement action by conforming to U.S. practice and registering the allegedly-infringed works.

Finally, the legislative history surrounding Berne Convention implementation suggests, wrongly or rightly, that foreign authors must register in the United States to be entitled not only to seek attorneys’ fees and statutory damages but to obtain the presumption of valid copyright.⁵⁹ Thus, owners of restored copyrights should take advantage of U.S. registration and as early as possible.

56. 17 U.S.C. § 412. *See infra* Section II.D. (discussing reliance parties’ immunity from attorneys’ fees and statutory damages under section 104A(d)(4)). Courts are split over whether application for registration confers jurisdiction or whether only the issuance of a registration may do so. *See, e.g.,* Strategy Source, Inc. v. Lee, 233 F. Supp. 2d 1, 2-3 (D.D.C. 2002) (citing split in authority over whether registration is pre-requisite to initiating a copyright infringement action). A prudent plaintiff will apply for copyright registration in time to allow registration to issue prior to institution of suit. The U.S. Copyright Office currently advises applicants to expect a wait of four months or more.

57. *See supra* note 52. GOLDSTEIN, COPYRIGHTS, *supra* note 52, at § 14.3.1 (“[C]ourts should give less than prima facie effect only to those statements of fact in the certificate, such as statements of coauthorship, whose reliability is likely to have diminished with the passage of time.”).

58. *See* Films By Jove, Inc. v. Berov, 154 F. Supp. 2d 432, 479-80 (E.D.N.Y. 2001). The court reasoned that “the items in question are clearly copyrightable in that they are animated films” and that “defendants’ exact copies of said videos have already been submitted to the Court . . . and exhibit the originality of plaintiff’s works; and defendants . . . are not contesting the ability of someone to assert copyright ownership in said films because they are also seeking rights in the same films.” *Id.* at 479.

59. *See H. Joint Explanatory Statement on H.-S. Compromise Incorporated In S. Amendment to H.R. 4262*, 124 CONG. REC. H10097 (daily ed. Oct. 12, 1988). *See also* Parfums Givenchy, Inc. v. C&C Beauty Sales, Inc., 832 F. Supp. 1378, 1393 n.13 (C.D. Cal. 1993) (holding that section 412 is “applicable to works of foreign and domestic origin alike” (citing H.R. REP. NO. 1476, 94th Cong., 2d sess. 169 (1976), reprinted in 1976 U.S.C.C.A.N. 5669, 5774); 17 U.S.C. § 412 (attorney’s fees and statutory damages are not available unless the registration of a work occurs prior to the commencement of infringement by the defendant).

2. The second requirement: the work is not in the public domain in the source country through expiration of copyright

To be eligible for restoration under section 104A, a work must not be "in the public domain in its source country through expiration of term of protection."⁶⁰ That is, except where a work is no longer protected in its source country due to expired copyright, otherwise-qualifying foreign works are subject to automatic U.S. copyright protection on the "date of restoration" (which, for most restored copyrights, was January 1, 1996).⁶¹

Courts generally have had little difficulty applying this element of section 104A.⁶² The Fifth Circuit, however, recently misconstrued it. In *Alameda Films v. Authors Rights Restoration Corp., Inc.*,⁶³ the Fifth Circuit determined that a number of classic Mexican films had entered the public domain in Mexico for failure to register those works under the then-applicable 1928 Mexican Civil Code.⁶⁴ Misinterpreting section 104A as denying restoration to any works "in the public domain in the source country," the court (affirming the erroneous decision below) concluded that the films were ineligible for U.S. copyright restoration.⁶⁵ However, these films had not entered the public domain in Mexico due to *expiration of term of protection* but solely due to failure to comply with Mexican formalities.⁶⁶ As a result, the court denied U.S. copyright protection outright to works that might have been eligible for restoration under section 104A.

60. 17 U.S.C. § 104A(h)(6)(B). See Berne Convention, *supra* note 1, art. 18(1) (providing that the Convention "shall apply to all works which . . . have not yet fallen into the public domain in the country of origin through the expiry of the term of protection").

61. 17 U.S.C. § 104A(a); 17 U.S.C. § 104A(h)(2) ("[D]ate of restoration' of a restored copyright is (A) January 1, 1996, if the source country of the restored work is a nation adhering to the Berne Convention or a WTO member country on such date, or (B) the date of adherence or proclamation, in the case of any other source country of the restored work.").

62. See, e.g., *Capitol Records v. Naxos of Am.*, 372 F.3d 471, 479 (2d Cir. 2004) (finding that U.K. sound recordings were not entitled to restoration because their U.K. copyrights had expired, but certifying a question for New York Court of Appeals regarding whether such recordings might still be protected under New York common law).

63. 331 F.3d 473 (5th Cir. 2003).

64. *Id.* at 480-81.

65. *Id.* at 479-80.

66. Determining the duration of copyright protection in the source country can require several steps. The term of protection may depend on whether or not the work was created as a "work for hire" in a country where such a doctrine exists. For example, under Japanese law, copyright subsists for life of the author plus fifty years, but in the case of a work for hire subsists for fifty years after publication. See Japanese Copyright Act art. 53(1), in *COPYRIGHT LAW OF JAPAN 73* (Yukifusa Oyama et al. trans. 2005). Collaborative works such as motion pictures pose special considerations, especially in countries that do not subscribe to the "work for hire" doctrine. For example, under Section 65(2) of the German Copyright Act (implementing the E.C. Term Directive, effective July 1, 1995), copyright in a cinematographic work subsists for seventy years following the death of the last of the following to die: the screenwriter, the principle director, the author of the dialogue or the composer of music created specially for the work. See also *infra* note 125.

3. The third requirement: the work is already in the public domain in the United States under enumerated circumstances

To qualify as a restored work under section 104A, the foreign work must have fallen into the public domain in the United States prior to the automatic date of restoration due to

- (i) noncompliance with formalities imposed at any time by United States copyright law, including failure of renewal, lack of proper notice, or failure to comply with any manufacturing requirements;⁶⁷
- (ii) lack of subject matter protection in the case of sound recordings fixed before February 15, 1972; or
- (iii) lack of national eligibility.⁶⁸

a. Public domain status resulting from a failure to comply with notice and renewal formalities

Countless works have entered the public domain in the United States due to either lack of proper notice or failure of renewal. U.S. formalities especially have been a trap for unwary owners of foreign works, whose own countries did not (and if they adhered to the Berne Convention, were not permitted to) impose similar requirements.

Prior to March 1, 1989, U.S. copyright law required copyright owners, with few

67. A discussion of manufacturing requirements is beyond the scope of this article. In short, for historical reasons, provisions in both the 1909 and 1976 Copyright Acts required certain works to be manufactured in the United States. 17 U.S.C. § 601(c) (1994) (corresponds to the 1909 Copyright Act, § 16, 320 Stat. 1079). While noncompliance with the manufacturing requirement potentially caused works to enter the public domain under the 1909 Act, noncompliance with the 1976 Copyright Act manufacturing requirement, which requirement expired on July 1, 1986, merely resulted in providing an infringer a defense to an infringement action. Although facts may not often give rise to lapse of copyright for failure to comply with manufacturing requirements, practitioners should bear in mind that foreign works published in the English language prior to January 1, 1978 would have been subject to the 1909 Act's domestic manufacture requirement. See 1909 Copyright Act, § 16, 320 Stat. 1079. For a further discussion of the manufacturing requirement under both the 1909 and 1976 Acts, see GOLDSTEIN, COPYRIGHTS, *supra* note 52, at §§ 3.16-3.18.1.

68. 17 U.S.C. § 104A(h)(6)(C). Although not addressed in detail in this article, publication of works in countries with which the United States had no copyright relations at the time of publication (i.e., where there was "lack of national eligibility") resulted in those works entering the public domain in the United States. This category of restored works is by no means insignificant. It would include, for example, literary works by the Egyptian Nobel Prize winner Naguib Mahfouz, see Nimmer, *The End of Copyright*, *supra* note 24, at 1401-02, and numerous works by major twentieth-century Russian composers. One section 104A case has already involved restoration of works by such composers in the public domain due to lack of national eligibility. See *Luck's Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107 (D.D.C. 2004) (concerning masterpieces of twentieth-century Russian composers Prokofiev, Stravinsky, Shostakovich, Khatchaturian, Gliere, Kabalevsky and others).

exceptions, to affix copyright notices to all copies of published works.⁶⁹ Under both the 1909 and 1976 Copyright Acts, proper notice consists of the following three elements: the "circle-C," the word "Copyright" or abbreviation "Copr.;" the year of first publication of the work; and the name of the copyright owner.⁷⁰

For works first published prior to January 1, 1978, the 1909 Act provided for an initial twenty-eight-year term and a subsequent renewal term.⁷¹ The initial twenty-eight-year term of protection commenced upon publication with proper notice, bringing with it the obligation to renew during the twenty-eighth year of the initial term.⁷² Works first published on or after January 1, 1978 were subject to the 1976 Act, which provides for a single term of protection.⁷³

Under U.S. law, works published prior to March 1, 1989 without copyright notice generally fell into the public domain. However, works published *outside* the United States without copyright notice are treated differently under the 1909 and 1976 Copyright Acts. Under Second and Ninth Circuit law, at least, the initial twenty-eight-year term of protection and resulting renewal registration obligations under the 1909 Act were not triggered by publication abroad without copyright notice.⁷⁴ The rule is not the same under the 1976 Act. Publication of

69. Under the 1976 Act, for example, the omission of copyright notice on works "does not invalidate the copyright in a work if (1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or (2) registration of the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or (3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice." 17 U.S.C. § 405(a).

70. 17 U.S.C. § 401(b) (corresponds to the 1909 Copyright Act, §§ 10, 19, 320 Stat. 1078, 1079).

71. 1909 Copyright Act, § 16, 320 Stat. 1079 (current version at 17 U.S.C. § 601(c) (1994)). Forfeiture of copyright depends upon the Copyright Act notice requirements in force when copies were publicly distributed. See GOLDSTEIN, COPYRIGHTS, *supra* note 52, at § 3.4. "[I]f a work was first published before January 1, 1978, the copyright notice that was affixed to copies of the work publicly distributed on or after January 1, 1978, will be adequate under the 1976 Act so long as the notice complies with either the notice requirements of the 1909 Act or the notice requirements of the 1976 Act." *Id.*

72. See 1909 Copyright Act, § 24, 320 Stat. 1080, 1081. The Copyright Renewal Act of 1992, however, made renewal automatic for works that secured copyright protection between January 1, 1964, and December 31, 1977. See 17 U.S.C. § 304(a)(3)(B); Pub. L. No. 102-307, 106 Stat. 264, 266 (June 26, 1992).

73. 17 U.S.C. §§ 302, 303. The 1976 Copyright Act governs works created prior to January 1, 1978 "but *not* put into the public domain until after January 1, 1978." *Rand McNally & Co. v. Fleet Mgmt. Sys. Inc.*, 591 F. Supp. 726, 737 (N.D. Ill. 1983) (quoting *Excel Promotions Corp. v. Babylon Beacon, Inc.*, 1979 Copyright L. Dec. P 25,107 (E.D.N.Y. 1979)).

74. See *Twin Books Corp. v. Walt Disney Co.*, 83 F.3d 1162, 1165-67 (9th Cir. 1996) (holding that foreign publication without notice does not trigger commencement of initial copyright term or resulting renewal duties under 1909 Act); *Ross Prods., Inc. v. New York Merch. Co.*, 233 F. Supp. 260, 263 (S.D.N.Y. 1964) (stating that prior case law, i.e., *Basevi v. Edward O'Toole Co.*, 26 F. Supp. 41, 45 (S.D.N.Y. 1941) as modified by *Heim v. Universal Pictures, Inc.*, 154 F.2d 480 (2d Cir. 1946), clarified that publication abroad by a foreign author without notice did not cause a work to lapse into the public domain in the United States). Pre-1978 foreign works first published abroad without notice were protected in the United States by common law until subsequent publication with notice. See GOLDSTEIN, COPYRIGHTS, *supra* note 52, at § 15.4 ("Before the 1976 Copyright Act came into effect on

works without proper notice anywhere in the world between January 1, 1978 and March 1, 1989 caused those works to enter the public domain.⁷⁵

Despite the central importance of publication abroad without notice to restored copyrights analysis, five district courts within the Second and Ninth Circuits applying section 104A have concluded that the foreign works entered the public domain without clearly addressing whether publication occurred (1) with or without notice; (2) inside or outside the United States; and (3) under the 1909 or 1976 Copyright Acts.⁷⁶ Perhaps the facts uncontrovertibly established forfeiture of U.S. copyrights in each case.⁷⁷ Practitioners should nevertheless remain mindful that publication of foreign works without notice did not inevitably result in loss of U.S. copyright protection under the 1909 Act.

b. Publication as a threshold issue

Whether forfeiture of copyright has occurred through failure of renewal, lack of proper notice, lack of national eligibility, or failure to comply with manufacturing requirements, a threshold issue in each is “publication.” For a work to have ever

January 1, 1978, state common law protected all forms of copyrightable works, whether fixed or unfixed, from their creation through their publication.”)

75. 17 U.S.C. § 401 (“Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section shall be placed on publicly distributed copies . . .”) (amended 1989) (emphasis added).

76. See *Hoepker v. Kruger*, 2001 U.S. Dist. LEXIS 13043, at *3 (S.D.N.Y. 2001) and *Hoepker v. Kruger (Hoepker II)*, 200 F. Supp. 2d 340, 345 (S.D.N.Y. 2002) (concluding that forfeiture of U.S. copyright resulted from single 1960 publication in German magazine and failure to renew in 1988, without stating whether publication was with or without notice); *Cordon Holding B.V. v. Nw. Publ’g Corp.*, 2002 U.S. Dist. LEXIS 6111, at *24 (S.D.N.Y. 2002) (finding that publication of M.C. Escher art reproductions without the required copyright notice caused those works to enter the public domain, without the court stating when and where such publications occurred); *Cordon Art B.V. v. Walker*, 1996 U.S. Dist. LEXIS 20708, at *18-19 (remarking that M.C. Escher may have failed to attach notice to his prints, but not considering the effects of publication without notice abroad under the 1909 Act); *Toho Co. v. William Morrow & Co.*, 33 F. Supp. 2d 1206, 1216 (C.D. Cal. 1998) (assuming that publicity stills for Godzilla feature films were published without notice and therefore lapsed into the public domain, without discussing when or where such publication occurred).

77. Admittedly, even in cases where first publication occurred abroad and without notice under the 1909 Act, subsequent publication *with* notice anywhere in the world could trigger application of U.S. copyright law leading to forfeiture if the owner failed to later comply with renewal formalities. Conversely, publication with notice followed by publication *without* could result in copyright forfeiture under both the 1909 and 1976 Copyright Acts. See *Nat’l Comics Publ’ns, Inc. v. Fawcett Publ’ns, Inc.*, 191 F.2d 594, 600 (2d Cir. 1951) (“Section 10 provides that the first publication of a ‘work’ with the ‘required’ notice secures the copyright; but it implies that a failure to affix the notice upon each copy, later published ‘by authority of the copyright proprietor,’ will ‘forfeit’ it; and such is the law.”). See also GOLDSTEIN, *COPYRIGHTS*, *supra* note 52, at § 3.5.3 (Section 10 of the 1909 Act “required that copyright notice be affixed to all subsequently published copies as a condition to preserving copyright.”). The rule is the same under the 1976 Act. “[A]ny work first published on or after January 1, 1978, must bear the required copyright notice on all copies . . . publicly distributed either in the United States or elsewhere . . . [provided] the publications were made under authority of the copyright owner. The notice requirement is applicable to both the first and all subsequent publications regardless of whether either the initial or subsequent publications occur within or outside of the United States.” NIMMER ON COPYRIGHT, *supra* note 26, at § 7.12[D][1]; see also *supra* notes 69 and 71.

entered the public domain in the United States, it must have been "published" somewhere.⁷⁸

Copyright restoration cases will sometimes therefore require determining whether the dissemination of a work was substantial enough to amount to "divestive" publication under the 1909 or 1976 Copyright Acts. If a work has never been subject to "divestive publication" but has seen only "limited publication," it remains "unpublished" for purposes of U.S. copyright law.⁷⁹ If unpublished, the work cannot have entered the public domain for failing to comply with U.S. copyright law formalities, and is not eligible for (nor would it require) copyright restoration under section 104A.⁸⁰

Divestive publication occurs "when a work is made available to members of the public regardless of who they are or what they do with it. By contrast, a publication is 'limited'—and does not trigger the loss of a common law copyright—when tangible copies of the work are distributed both (1) to a 'definitely selected group,' and (2) for a limited purpose, without the right of further reproduction, distribution or sale."⁸¹

Results under this test are sometimes less than intuitive. For example, the Ninth Circuit in 1991 found that the widely-displayed Oscar statuettes had never been "published" because they were distributed to a "definitely selected group."⁸² And in a case involving the distribution of 2,000 copies of a song to radio stations and musicians that did not include rights of further reproduction, distribution or sale, the D.C. Circuit found that no divestive publication had occurred.⁸³

Similarly, in a recent section 104A case, *Cordon Holding B.V. v. Northwest Publishing Corp.*,⁸⁴ the court found that M.C. Escher's authorization for use of his

78. See, e.g., *Am. Vitagraph, Inc. v. Levy*, 659 F.2d 1023, 1028-29 (9th Cir. 1981) ("[E]ven if copyright notice was defective, such defects do not trigger copyright divestment if . . . there is no publication."). 17 U.S.C. § 104 ("[unpublished works] are subject to protection under this title without regard to the nationality or domicile of the author . . .").

79. "Publication, while of immense importance under the 1909 Act, is not statutorily defined." *Am. Vitagraph*, 659 F.2d at 1026-27. In order to mitigate the harsh rule that public distribution divests common law rights, courts have made a distinction between a "general publication" and a "limited publication," holding that only the former results in such divestment. *Id.* at 1027. It appears that the test for divestive publication is the same under the 1976 Act as under the 1909 Act. See NIMMER ON COPYRIGHT, *supra* note 26, at § 4.04 ("Although the 1909 Act intentionally contained no statutory definition of publication, the [1976 Act] definition in general constitutes a codification of the definition evolved by case law prior to adoption of the present Act.")

80. Where works exist that were never "published" under the 1909 Act, either because their dissemination was never general enough to be considered a publication, or because they were never published abroad with notice, such works would still be protected in the United States. See *ABKCO Music, Inc. v. Lavere*, 217 F.3d 684, 688 (9th Cir. 2000). That is, if a work's publication prior to 1978 was only limited, even if it bore defective copyright notice, "its common law copyright continued until January 1, 1978, when it automatically acquired statutory copyright." NIMMER ON COPYRIGHT, *supra* note 26, at § 4.13

81. *Acad. of Motion Picture Arts & Sci. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1452 (9th Cir. 1991) (citing *White v. Kimmell*, 193 F.2d 744, 746-47 (9th Cir. 1952)).

82. *Acad. of Motion Picture Arts & Sci.*, 944 F.2d at 1452.

83. *Hirschon v. United Artists*, 243 F.2d 640, 645-46 (D.C. Cir. 1957).

84. 2002 U.S. Dist. LEXIS 6111 (S.D.N.Y. 2002).

“Reptiles” print in an Italian chemistry book and on an American pop band’s album cover—where no evidence was introduced concerning whether the album was offered for sale to the public—“only constitute[d] limited publication for a limited purpose.”⁸⁵

To be sure, most foreign works valuable enough to be worth litigating over in the United States likely will have been “divestively published” (commonly referred to simply as “published”) somewhere in the world. However, proof or disproof of publication may be dispositive in a copyright restoration case and should not be overlooked on any section 104A litigator’s checklist.⁸⁶

c. Publication involving multiple related works

There will on occasion be situations where a plaintiff’s restored work is based upon an earlier work, as in the case of revisions, adaptations, arrangements, translations, sequels and so on. Cases involving multiple related works present particularly thorny legal problems under section 104A.⁸⁷ What happens, for example, where a subsequent derivative work has been divestively published but the underlying work remains unpublished?

In *Cordon Holding*, the plaintiffs accused the defendants of manufacturing and distributing posters that infringed M.C. Escher prints created from engraved blocks based upon Escher’s underlying original drawings. Escher had not affixed copyright notices to his prints. The plaintiffs argued that even though Escher’s prints lacked notice, they remained protected by copyright in the United States because they were derivative works based upon Escher’s underlying unpublished original drawings that were protected under common law.⁸⁸ The defendants argued that publication of Escher’s prints without a copyright notice caused them to fall into the public domain, regardless of whether the underlying drawings or blocks were published.⁸⁹

The court found that, under controlling Second Circuit law, publication of a

85. *Cordon Holding*, 2002 U.S. Dist. LEXIS 6111, at *30-31. See also *Cordon Art B.V. v. Walker*, 1996 U.S. Dist. LEXIS 20708, at *11-12 (S.D. Cal. 1996) (citing *Acad. of Motion Picture Arts & Sci.*, 944 F.2d at 1451-52) (finding that even though M.C. Escher’s master blocks and original drawings did not contain any copyright notice, they were never published).

86. Who bears the burden of establishing publication or lack thereof in a section 104A case? The answer may depend upon whether publication is asserted as a part of plaintiff’s prima facie case (e.g., introduced to show ownership of a valid, restored copyright) or as an element in one of defendant’s defenses (e.g., introduced to show the work entered the public domain in U.S. and that, even if restored, the defendant is a reliance party).

87. Although only *Cordon Holding* is addressed here, 104A actions involving multiple works provide the main basis for the discussion of case law that follows. See *infra* Sections II.A.5. and II.C.4.a. discussing the *Dam Things* cases (plaintiff claimed fifteen works potentially eligible for restoration allegedly infringed by defendant’s fifteen or more works, where the parties disputed which country, Denmark or the U.S., was the country of first publication); *infra* Sections II.C.4.d.-e. discussing the *Hoepker* cases (liability analysis is complicated when applied to derivative works prepared by numerous licensees of reliance party).

88. *Cordon Holding*, 2002 U.S. Dist. LEXIS 6111, at *15. See *supra* notes 74 and 80.

89. *Cordon Holding*, 2002 U.S. Dist. LEXIS 6111, at *18.

derivative work, "to the extent that it discloses the original work, also constitutes publication of the underlying work."⁹⁰ The court concluded that the underlying Escher original drawings and master blocks had been effectively published by plaintiffs' publication of the prints based on those works, and that the prints had fallen into the public domain.⁹¹

Courts outside the Second Circuit could reach a different conclusion on the *Cordon Holding* facts. In the Ninth Circuit, for example, a court might rule differently were the rights to the underlying work and derivative work not owned by the same party.⁹² Special care should be exercised, therefore, in analyzing publication where multiple works are implicated.

d. Foreign sound recordings fixed before February 15, 1972

Finally, section 104A allows for restoration of copyrights in foreign sound recordings "fixed before February 15, 1972."⁹³ Unlike many countries, the United States did not provide national protection for sound recordings until 1972, and then only did so for recordings fixed after February 15, 1972.⁹⁴ While foreign sound recordings fixed prior to February 15, 1972 are eligible for restoration, U.S. recordings from the same period are not. Their only U.S. protection, where protected at all, is under state law.⁹⁵

Restored copyrights in sound recordings have been the subject of two reported section 104A decisions. *Capitol Records, Inc. v. Naxos of America, Inc.*⁹⁶ involved historic U.K. recordings of Pablo Casals, Yehudi Menuhin and Edwin Fischer from the 1930s, which the district court found were ineligible for section 104A

90. *Id.* at *20 (citing *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 168 F.3d 586 (2d Cir. 1999)). The court also opined that the same rule applied in the Ninth Circuit. *Id.* (citing *Maljack Prods., Inc. v. UAV Corp.*, 964 F. Supp. 1416 (C.D. Cal. 1997), *aff'd sub nom. Batjac Prods. Inc. v. Goodtimes Home Video Corp.*, 160 F.3d 1223 (9th Cir. 1998)).

91. *Cordon Holding*, 2002 U.S. Dist. LEXIS 6111, at *24.

92. *See Batjac Prods.*, 160 F.3d at 1233 (holding that where the common law copyright and the derivative work are held by the same entity, publication of the motion picture derivative work results in publication of the underlying common law screenplay to the extent that it is incorporated into the film). *See also Cordon Holding*, 2002 U.S. Dist. LEXIS 6111, at *22 (citing *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 168 F.3d 586, 592 (2d Cir. 1999)) (noting that result could differ where the underlying work was protected by statutory copyright rather than common law).

93. 17 U.S.C. § 104A(h)(6)(C)(ii). "A work is 'fixed' in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." 17 U.S.C. § 101.

94. Act of Oct. 15, 1971, Pub. L. No. 92-140, 85 Stat. 391, 391-92 (1971); 17 U.S.C. §§ 102(a)(7), 301(c).

95. Sound recordings fixed prior to February 15, 1972 remain protected by any applicable state law until February 15, 2067, at which time they become preempted by federal law. 17 U.S.C. § 301(c). *See Capitol Records v. Naxos of Am. (Capitol Records II)*, 372 F.3d 471, 475 (2d Cir. 2004). Under the 1976 Act, by contrast, sound recordings, like all original works of authorship, are protected under federal copyright law upon their fixation in any tangible medium of expression. *See* 17 U.S.C. § 102(a).

96. *Capitol Records v. Naxos of Am.*, 262 F. Supp. 2d 204 (S.D.N.Y. 2003), *question certified Capitol Records II*, 372 F.3d at 471.

restoration due to expiration of copyright in their source country.⁹⁷ On appeal, the defendant argued that section 104A “reflects a Congressional policy of denying protection to works in the United States where such protection is denied in the country where the works originated.” However, the Second Circuit found nothing in the legislative history of section 104A to suggest that a work unprotected by foreign copyright cannot receive state law protection in the United States.⁹⁸ Unable to locate any guidance on the issue from New York courts, the Second Circuit certified to the New York Court of Appeals the question whether a common law copyright remains available under New York state law for works already in the public domain in their source country.⁹⁹ The New York Court of Appeals subsequently ruled that New York common law extends copyright protection to pre-1972 foreign sound recordings, even where they have entered the public domain of the country in which they were created.¹⁰⁰

Even though the particular U.K. recordings at issue were not subject to section 104A restoration, the case serves as a reminder that numerous treasured foreign recordings (some of which may well be incorporated into motion pictures or other audio-visual works) could be subject to restoration. Because the fixation of music involves two separate copyrights—the copyright in the sound recording and the copyright in the underlying composition—particular attention should be paid when using sound recordings since they may involve not one, but two restored copyrights.

4. The fourth requirement: the author was a national or domiciliary of an eligible country when the work was created

To qualify for copyright restoration, a foreign work must have “at least one author or rightholder who was, at the time the work was created, a national or domiciliary of an eligible country.”¹⁰¹ The term “eligible country” means a nation, other than the United States, that

(A) becomes a WTO member country after the date of the enactment of the Uruguay Round Agreements Act;

(B) on the date of such enactment is, or after such date of enactment becomes, a nation adhering to the Berne Convention;

97. *Capitol Records II*, 372 F.3d at 479 (finding that copyrights in certain recordings expired fifty years from “the making of the original plate” under U.K. law).

98. *Id.* at 481.

99. *Id.*

100. *Capitol Records Inc. v. Naxos of Am. Inc. (Capitol Records III)*, 830 N.E.2d 250 (N.Y. 2005). Because U.K. copyright law protects sound recordings for only fifty years, and thus Beatles recordings, for example, will begin to fall into the public domain in the U.K. (and elsewhere in the European Union under similar laws) in 2013, the New York decision may have far-reaching effects in discouraging unlicensed reissues of such works in the U.S. See *Recent Cases*, 26 ENT. L. REP, Nov. 2004, at 8-9.

101. 17 U.S.C. § 104A(h)(6)(D). For the definition of a “rightholder,” see *supra* note 43.

(C) adheres to the WIPO Copyright Treaty;

(D) adheres to the WIPO Performances and Phonograms Treaty; or

(E) after such date of enactment becomes subject to a proclamation under subsection (g).¹⁰²

The Uruguay Round Agreements Act ("URAA") was enacted on December 8, 1994.¹⁰³ Thus, section 104A provides that where a country on or after December 8, 1994 becomes a member of, or adheres to, any of the above international agreements (or becomes subject to a Presidential proclamation), it is deemed to be an "eligible country" for purposes of section 104A.¹⁰⁴

Thus far, no reported section 104A case has turned on "eligible country" status. The date upon which the source country of a restored work becomes an "eligible country," however, is relevant in analyzing whether a defendant meets the criteria of a "reliance party" under section 104A (discussed in detail in Section II.C.2.), and has already been misapplied by several courts in the course of such analysis.¹⁰⁵

5. The fifth requirement: the work was first published in an eligible country and was not published within thirty days in the United States

To qualify for restoration, a foreign work must have been "first published in an eligible country and not published in the United States during the 30-day period following publication in such eligible country."¹⁰⁶ In perhaps the most complicated series of copyright restoration cases to date, *Dam Things From Denmark v. Russ Berrie & Co.*,¹⁰⁷ the outcome turned in part on the "first published in the United States" element.

The plaintiff in that litigation was the successor-in-interest of Thomas Dam, a Danish woodcarver who created the first "Good Luck Troll" doll out of rubber for his daughter in 1957 or 1958.¹⁰⁸ Defendant Russ Berrie was an early manufacturer's representative for two companies that sold Dam Things' troll dolls in the United States. After a federal court in 1965 found that certain Dam Things'

102. 17 U.S.C. § 104A(h)(3).

103. Under section 104A, any nation (other than the United States) that was a member of the Berne Convention on the date of the enactment of the URAA, which occurred on December 8, 1994, is deemed to be an "eligible country" on that date. 17 U.S.C. § 104A(h)(3).

104. Note that the definition of "eligible country" allows foreign works pre-dating a source country's becoming an "eligible country" to potentially qualify for copyright restoration, so long as the country satisfies one or more of points of attachment on or after December 8, 1994.

105. See *infra* note 154.

106. 17 U.S.C. § 104A(h)(6). For a discussion of the term "eligible country," see *supra* Section II.A.4. See also PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 42 (noting that this requirement will result in many British and Canadian publications being denied restoration since works have often been published simultaneously in those countries and the United States).

107. See *Dam Things I*, 173 F. Supp. 2d 277, *vacated*, *Dam Things From Den. v. Russ Berrie & Co. (Dam Things II)*, 290 F.3d 548 (3d Cir. 2002).

108. *Dam Things II*, 290 F.3d at 553.

troll doll designs were in the public domain in the United States for failure to attach proper copyright notice,¹⁰⁹ Berrie began manufacturing and distributing his own troll dolls using Dam Things' molds. Twenty-five years later, Dam Things asserted that its troll dolls were subject to copyright restoration and that the copyrights in those dolls were infringed by Berrie's products.

Plaintiff Dam Things produced nineteen different troll models developed over the years based upon the original 1957/1958 design.¹¹⁰ According to the district court, the plaintiff "seemed to contend that [its] nineteen models, because of nearly identical traits, essentially constitute[d] one original troll design."¹¹¹ The district court agreed "that all nineteen versions of Dam's trolls involved in this case fall under one original design"¹¹² and that "for purposes of copyright law, the designs are too similar to be given individual copyright protection."¹¹³

Dam Things argued that the original 1957/1958 troll doll was first published in Denmark, not published within thirty days afterwards in the United States and was therefore eligible for copyright restoration. The court granted Dam Things' motion for preliminary injunction, ruling it was likely to succeed in establishing that it was entitled to copyright restoration in the original 1957/1958 doll.

Berrie's argument on appeal was that he actually copied a troll doll version from 1961 (the doll determined in 1965 to be in the public domain in the United States for failure to include proper notice). He contended that because the 1961 Dam Things doll was first published in the United States, it was ineligible for restoration. Berrie argued that the later doll was the relevant work because it was the precise version that Dam Things contended he had infringed.¹¹⁴ Dam Things countered that the later troll was not a "distinct work" from the earlier troll and that if Russ Berrie infringed one troll, he infringed both.

The Third Circuit held that the district court had properly concluded that Dam Things was likely to establish that its 1957/1958 "Original Good Luck Troll" was eligible for restoration and that publication had first occurred in an eligible country (i.e., Denmark).¹¹⁵ It criticized the district court's conclusions of law and fact, however, noting that section 104A "envisions that one must be able to identify the

109. As discussed *supra* Section II.A.3.a., under the 1909 Act, published works were required to include a copyright notice in the form prescribed by statute, i.e., the "circle-c," the date of first publication, followed by the name of the copyright owner. Dam Things' dolls, however, included either no notice or defective notices containing the word "Denmark" and the date of first publication or only the date of first publication. See *Scandia House Enters., Inc. v. Dam Things Establishment*, 243 F. Supp. 450, 453-54 (D.D.C. 1995).

110. Defendant Berrie, for his part, obtained no less than fifteen U.S. copyright registrations for his troll dolls in the 1990s. *Dam Things II*, 290 F.3d at 553-54.

111. *Dam Things I*, 173 F. Supp. 2d at 281 n.4.

112. *Id.* at 285-86, 286 n.12.

113. *Id.* at 289.

114. This issue illustrates how carefully a plaintiff must state his or her claim in a restoration case involving multiple works. See, e.g., *Dam Things II*, 290 F.3d at 558 ("[W]e are confronted with a creature of statute and must decide in exactly what work the copyright was restored."). See also *infra* note 152.

115. *Dam Things II*, 290 F.3d at 560.

first publication of a tangible item, a 'work,' in a specific location."¹¹⁶ "[G]iven the fact that the myriad trolls paraded before us by *Dam Things* are not identical works," the Third Circuit refused to rule in favor of the plaintiff with respect to any troll other than the original 1957/1958 troll first published in Denmark.¹¹⁷

Dam Things illustrates how intertwined the requirements of "originality" and "first published in an eligible country" can become in cases involving multiple related works. As the Third Circuit noted,

That is not to say that the copyright restored in [the original doll] might not provide protection for the other works based upon the appropriate originality analysis. Understandably, and appropriately, on remand the District Court will have to determine the extent of the protection provided to other *Dam Things* works to the extent that Russ [Berrie] argues that its trolls are merely derivative or even copies of *Dam Things* works other than [the original].¹¹⁸

As discussed in Section II.A.3.c., copyright restoration lawsuits involving multiple related works (e.g., revisions, versions, adaptations or derivative works) can place exceptional demands on litigants and courts.¹¹⁹ *Dam Things* stands as a reminder that not all foreign works will necessarily be able to satisfy the "first published in an eligible country" requirement and of how difficult it may be in cases involving multiple related works to establish whether infringement of a restored copyright has actually occurred.

B. PERSONS ENTITLED TO ENFORCE A RESTORED COPYRIGHT AGAINST INFRINGERS

In order to bring a claim of copyright infringement under U.S. law, a plaintiff must show ownership of a valid copyright in the allegedly-infringed work.¹²⁰ Ownership of a restored copyright under section 104A "vests initially in the author or initial rightholder of the work as determined by the law of the source country of the work."¹²¹ But how does one determine the author or initial rightholder under foreign law? And, in particular, what effect is to be given to transfers by the author to third parties effected prior to January 1, 1996, the date of restoration? In which party—the transferor or transferee—does "authorship" vest for purposes of section 104A?

116. *Id.* at 558.

117. *Id.*

118. *Id.*

119. Parties litigating section 104A lawsuits involving multiple related works may incur great expense developing an evidentiary record and conducting international discovery and may be forced to rely heavily upon expert witness testimony. Which party ought to bear the burden of proving first publication outside the United States and/or no publication in the United States within thirty days thereafter? The answers to these questions are not readily available and may depend upon whether restoration is asserted as a part of the plaintiff's prima facie case or by a reliance party defendant.

120. *See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991).

121. 17 U.S.C. § 104A(b). *See supra* note 43 (discussing the definition of the term "rightholder").

1. Identifying the author under foreign law

Determining the identity of the author may not always be a straightforward task. Section 104A decisions underscore the fact that the “author” of a work under foreign law (as under U.S. copyright law) may be someone other than a “natural person,” due to work for hire¹²² or collaboration doctrines.¹²³ Moreover, as one section 104A case illustrates, civil law countries may permit “split copyrights,” where one party can be deemed the “author” with respect to moral rights and another the “author” for purposes of asserting economic or exploitation rights.¹²⁴ In the case of collaborative works, there can be more than one author. In the absence of a written agreement, the identity of the author(s) may remain an open question.¹²⁵

122. The work for hire doctrine may often be inapplicable outside the United States, so its availability and scope should always be considered, on a country-by-country basis. *See, e.g., Itar-Tass v. Russian Kurier*, 153 F.3d 82, 92 (2d Cir. 1998) (holding that Russian law explicitly excludes newspapers from work for hire doctrine and therefore only the journalists who wrote constituent articles had standing to sue for infringement of their text). Unlike the United States, “[c]ivil law countries generally start from the premise that copyright in works created in the course of employment vests in the employee-author rather than in the employer, so that a transfer from the employee will be required for the employer to obtain copyright.” GOLDSTEIN, COPYRIGHTS, *supra* note 52, at § 5.2.1.4.

123. *See Alameda Films v. Authors Rights Restoration Corp., Inc.*, 331 F.3d 472, 477-78 (5th Cir. 2003) (holding that the production company of a motion picture may be deemed the “author” of that work under the Mexican Collaboration Doctrine, as distinguished from the individual contributors to that work); *Laparade v. Ivanova*, 387 F.3d 1099, 1100 (9th Cir. 2004) (defendant argued to no avail that the “individual screenwriters, composers and directors (of whom [defendant was] the assignee of many) are the authors of the [thirty-four Mexican] films” while plaintiffs argued the production companies are the “authors” under Mexican law); *Capitol Records v. Naxos of Am. (Capitol Records II)*, 372 F.3d 471, 476 (2d Cir. 2004) (under U.K. copyright law, “the person who was the owner of [the original sound recording ‘plate’] at the time when such plate was made shall be deemed to be the author of the work); *Películas y Videos Internacionales v. Harriscope of L.A., Inc.*, 302 F. Supp. 2d 1131, 1134 (C.D. Cal. 2004) (producer of a film may be the author under Mexican law).

124. *See Películas*, 302 F. Supp. 2d at 1135-36 (finding the assignee of a producer “may seek to enforce the exploitation rights it claims to hold, but may not seek to enforce the moral rights which must belong to the original producers’ successors”).

125. In the absence of a written agreement, the identity of the “author” of a motion picture often is unclear. Under Canadian law, the scriptwriter-director has been held to be the “author” of a film, rather than the producer. *See Films Rachel Inc. (Syndic de)*, 1995 WL 17052712, (C.S. Que.). Within the European Union, “[t]he principal director” of a film is considered “its author or one of its authors,” but member states are “free to designate other co-authors.” *See Council Directive 93/98/EEC*, art. 2(1), 1993 O.J. (L290) 9. Thus, for example, Article L.112-2(6) of the French Intellectual Property Code provides that “[a]bsent proof to the contrary, the following are presumed to be coauthors of an audiovisual work made in collaboration: (1) the author of the scenario; (2) the author of the adaptation; (3) the author of the dialogue (*texte parlé*); (4) the author of the musical compositions, with or without words, specially composed for the work; (5) the director (*réalisateur*).” Although French I.P. Code Articles L.132-24 through L.132-30 establish a presumption that a written agreement between coauthors and the producer conveys all exploitation rights in the audiovisual work to the producer, a court has found that in the absence of a written agreement the presumption does not apply. *Cour d’appel [CA] [regional court of appeal] Paris*, 4e ch., Jan. 17, 1995, R.I.D.A. 1995, 332.

2. Cases finding rights initially vesting in the owner rather than the author

Oftentimes an original author will have transferred ownership of the copyright prior to its restoration in the United States. In such cases, does the phrase “vests initially in the author” as used in section 104A(b) mean that restored copyright vests initially in original authors or in their pre-restoration transferees? The statute and its legislative history are not entirely clear.¹²⁶ Although numerous published section 104A cases have involved transfers, no court has yet remarked upon the ambiguity lurking within the provision.

In *Películas y Videos Internacionales, S.A. v. Harriscópe of Los Angeles, Inc.*, for example, the defendants argued that section 104A “does not recognize assignments, but instead restores the copyright in the original author, regardless of the author’s disposition of its rights.”¹²⁷ The court found that “the text of [section 104A] fails to support this reading. [Section 104A] clearly mandates that the Court identify the author using Mexican law. Thus, the Court finds Mexican law on assignment of copyrights controlling.”¹²⁸

Nevertheless, missing in *Películas* is any statement confirming that copyright authorship, as opposed to ownership, is assignable under Mexican law, although the court may have been satisfied that this was the case.¹²⁹ *Películas* is typical of

126. Although Senator Leahy inserted a comment into the Congressional Record stating that “[t]hose who had acquired those rights through contract would also be recognized as rightholders,” William Patry, copyright counsel to the House Judiciary Committee at the time and an author of section 104A(b), claims that this was incorrect. “[S]ince transferees are *not* initial authors or rightholders, they are not granted any rights under [section 104A]. Instead, transferees of the initial author or rightholder are left to state court contract actions to secure whatever rights they may have by virtue of their contract with the initial author or initial rightholder. In an unsolicited draft bill submitted to the congressional copyright subcommittees, the private sector had sought automatically to vest restored rights in the transferees, but this approach was rejected out-of-hand. The term ‘initial’ was inserted to reinforce that rejection.” PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 37. “The reason for inserting section 104A(b) was . . . to reject emphatically an avaricious attempt by book publishers and others to obtain directly for themselves, as transferees, the restored copyrights. For example, suppose a foreign author’s work had previously been in the public domain in the United States for failure to comply with the renewal requirement, and the author had signed a contract assigning rights to an American publisher for the ‘term of the copyright.’ Section 104A indicates that ownership of the restored copyright vests initially in the foreign author under the law of the foreign source country. The U.S. assignee would then have to prove that the assignment covered the (restored) renewal term, presumably according to that same law. Section 104A(b) was inserted to prevent publishers from going into court and arguing that as transferees from the author they automatically succeeded to the restored copyright.” William Patry, *Choice of Law and International Copyright*, 48 AM. J. COMP. L. 383, 412 (2000). Finally, the Statement of Administrative Action states that transfers are “to be given effect according to the terms of the agreement, taking into account the expectations of the parties and relevant laws (including those concerning copyright, neighboring rights, contracts, descent and distribution, estates, and conflicts of law).” See H. DOC. NO. 103-316, at 326. According to Patry, this provision “duly notes the correct interpretation of § 104A(b) as excluding transferees and instead consigning them to contract remedies in state court.” PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 37.

127. 302 F. Supp. 2d 1131, 1135 n.5 (C.D. Cal. 2004).

128. *Id.*

129. *Id.* at 1135-36 (finding plaintiff-owner of exploitation rights may qualify as an “author” under section 104A, where no evidence established plaintiff was the “author,” but only that it was the owner). Although not at issue in *Películas*, it is further worth noting that the applicable law governing

section 104A decisions in interpreting the term “author” to mean “owner” under section 104A(b),¹³⁰ and in finding restored copyrights vest in transferees rather than

an assignment need not necessarily be that of the source country. *See, e.g., Corcovado Music Corp. v. Hollis Music, Inc.*, 981 F.2d 679, 685 (2d Cir. 1993) (rejecting argument in dispute over U.S. copyright renewal rights that a contract between Brazilian publisher and Brazilian composer should be interpreted according to Brazilian law, even though Brazilian law was designated by contract’s governing law provision). Cross-border transactions can create especially thorny conflicts of law issues. Imagine a dispute over ownership of a restored copyright arising between parties from countries A and B, where the transfer is silent as to choice of law or implied by conduct. A federal district court in California might reach a different legal outcome depending on whether it determines the “state law” of country A, country B or California governs the existence, scope or termination of that license. *See S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1087-88 (9th Cir. 1989) (holding that state law governs contract issues not overridden by federal law or policy); *Chan v. Soc’y Expeditions, Inc.*, 123 F.3d 1287, 1297 (9th Cir. 1997) (holding that in case grounded upon federal question jurisdiction, federal courts in California follow Restatement (Second) of Conflicts of Law approach to determine the “federal common law” choice-of-law rules applicable). *See infra* note 42 for a brief discussion of the Restatement (Second)’s conflicts-of-law analysis.

While a detailed discussion of international law is well beyond the scope of this article, assignments of restored copyrights under certain countries’ laws could pose special interpretational problems for U.S. courts. Imagine a case in which a German author assigned his copyright in a motion picture to a U.S. studio in 1960 and the motion picture at some point in the past entered the public domain in the United States. The studio asserts that it is the “author” of this restored work for purposes of section 104A under German law by virtue of the assignment. The 1960 assignment granted the studio the right to exploit the work in “any medium hereafter devised,” and the U.S. studio now wishes to release the motion picture on DVD. The first problem is that an author’s copyright is not assignable (*i.e.*, the author and the owner remain the same natural person), other than by testament, under German copyright law. *See Urheberrechtsgesetz* [German Copyright Law], Sept. 9, 1965 as amended Sept. 10, 2003, § 7, available at <http://bundesrecht.juris.de/urhg/BJNR012730965.html> (“The person who creates the work shall be deemed the author.”) (author’s translation); *see also id.* at § 29(1) (“Copyright may be transferred in execution of a testamentary disposition or to co-heirs as part of the partition of an estate. Copyright shall not otherwise be transferable.”). And a transfer of rights to exploit a work in “any medium hereafter devised” is invalid under German law if that form of commercial exploitation is unknown at the time of the grant. *Id.* at § 31(4). Moreover, German copyright courts will apply a “purpose of grant” principle (*Zweckübertragungsgrundsatz*) in interpreting contracts: where contracts do not expressly enumerate grants of rights at issue, a court will assume that the author did not convey rights more extensive than required to achieve the intent of the parties. *Id.* at § 31(5). Finally, “in any case of doubt concerning the author’s grant of use of a work, he retains the right to disclose or exploit any derivative work based on that work.” PAUL EDWARD GELLER & MELVILLE B. NIMMER, INTERNATIONAL COPYRIGHT LAW AND PRACTICE § 4[2][d] (2004). Thus, a U.S. court could face numerous difficulties deeming a studio the “author” of the motion picture for purposes of section 104A under the assignment described above.

130. *See, e.g., Ivanova v. Columbia Pictures Indus.*, 2003 U.S. Dist. LEXIS 12858, at *21-22 (C.D. Cal. 2003) (remarking that “[w]hile copyright vests ‘initially’ in the author of a work, [plaintiff] still had the opportunity to show that he acquired any restored copyrights in the 8 pictures via an assignment from the producers/authors of the films.”); *Cordon Art B.V. v. Walker*, 1996 U.S. Dist. LEXIS 20708, at *2-3 (S.D. Cal. 1996) (finding that restored copyrights vested in the corporation to which in 1989 Escher’s three sons had assigned all their rights in his works); *Cordon Holding B.V. v. Nw. Publ’g Corp.*, 2002 U.S. Dist. LEXIS 6111, at *5 (S.D.N.Y. 2002) (finding only that restored copyrights vested in the plaintiff corporation that owned and controlled all Escher copyrights); *Toho Co. v. Priority Records*, 2002 U.S. Dist. LEXIS 14093, at *19 (C.D. Cal. 2002) (finding only that “since Ifukube has assigned his ownership in ‘Godzilla’s Theme’ to Toho, they are the rightful owners of the copyright in the musical composition.”); *Dam Things From Den. v. Russ Berrie & Co. (Dam Things I)*, 173 F. Supp. 2d 277, 280 (S.D.N.J. 2001) (finding “[d]efendant has not contested that Plaintiff here is the owner of the Danish copyrights,” but making no findings about authorship).

the *initial* author or his or her successors.

Reading the statute as meaning “copyright vests initially in the owner,” while protecting settled expectations, may simply reflect a natural tendency in the United States of blurring distinctions between authorship and ownership, since the United States is not one of those countries that recognizes moral rights.¹³¹ As the discussion of sections 203 and 304(c) that follows shows, however, even under U.S. law there is a marked difference between “authorship” and “ownership.”

3. Problems created by the inconsistent designation of “authors” under sections 104A, 203 and 304(c) of the Copyright Act

Elsewhere in the 1976 Copyright Act, “authors” are granted certain rights to terminate copyright transfers (i.e., assignments and licenses, whether exclusive or non-exclusive) under sections 203 and 304(c) of the 1976 Copyright Act. Under either provision, “authors” are entitled to terminate rights of “owners” in previously-transferred copyrighted works. Before considering the relationship between these provisions and section 104A, a brief discussion of sections 203 and 304(c) termination rights is appropriate.

a. Author’s termination rights under section 203

In the case of transfers made after January 1, 1978, section 203 allows authors (except in the case of works-for hire) or their statutory successors to terminate copyright transfers at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant.¹³² (Section 203 rights therefore ripen beginning in 2013.) Derivative works created under license prior to termination may continue to be exploited without further consent of the author of the underlying work.¹³³ However, post-termination, the owner of such a derivative work is *not* entitled to create any further derivative works based upon the copyrighted work covered by a terminated grant.¹³⁴

b. Termination of rights by author’s successor under section 304(c)

With respect to copyright transfers entered into prior to January 1, 1978, section 304(c) allows authors (except in the case of works for hire) or their statutory

131. The tendency can be seen even in the Statement of Administrative Action itself. See H.R. DOC. NO. 103-316, at 325 (1994) (“a restored copyright is owned, in the first instance, by its author or initial right holder, as determined by the law of the restored work’s ‘source country.’ This means that in certain instances it will be necessary to refer to foreign law to identify the initial *owner* of the restored copyright.”) (emphasis added).

132. 17 U.S.C. § 203(a). Section 203 termination rights “may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.” 17 U.S.C. § 203(a)(5). The provision is applicable only to grants executed on or after January 1, 1978, other than by will. 17 U.S.C. § 203(a).

133. 17 U.S.C. § 203(b)(1).

134. *Id.*

successors to terminate transfers covering the renewal term of a 1909 Act copyright "or any right under it."¹³⁵ "Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later."¹³⁶ If the author dies during the first term of copyright, the author's statutory successors (i.e., widow, children, executor or next of kin, in that order) at the time the renewal period commences are entitled to the termination interest in the renewal period.¹³⁷ Derivative works are treated the same under section 304(c) as under section 203, the right to their ongoing use being limited solely to derivative works in existence at the time of termination.¹³⁸

c. Interpretational problems created by treating owners as "authors" under section 104A

Although section 104A and its legislative history are silent as to whether foreign authors of restored works are entitled to termination rights under sections 203 and 304(c), there is no principled basis for treating foreign authors less favorably under either provision of U.S. law.¹³⁹ Therefore, even if U.S. courts deem owners of

135. See 17 U.S.C. § 304(c). Works first published prior to January 1, 1978 are governed by the 1909 Copyright Act, which provided for an initial term of twenty-eight years. 1909 Copyright Act, § 24, 320 Stat. 1080, 1081. Under the 1976 Act as amended, works still in their first term as of January 1, 1978 are entitled to a further "renewal term" of sixty-seven years. 17 U.S.C. § 304(a)(1)(C).

136. 17 U.S.C. § 304(c)(3).

137. See *Stewart v. Abend*, 495 U.S. 207 (1990); 17 U.S.C. § 304(c)(2). As of January 1, 2006, no further "Abend rights" will vest. This is because the initial twenty-eight-year term of any 1909 Act works subject to section 304(c) renewal term rights expired prior to January 1, 2006, the 28th-year anniversary of the effective date of the 1976 Copyright Act, which instituted a single term duration of copyright. However, section 304(c) termination rights that have already vested as of that date remain in force. See also PATRY, *COPYRIGHT AND THE GATT*, *supra* note 26, at 39 ("Another important point to bear in mind in connection with ownership being determined by the law of the source country is that where the author is dead on the date of restoration, ownership of the restored copyright will be determined by the law of successorship of the source country and not by the U.S. Copyright Act or state law. In the case of ownership of the renewal term, this rule may lead to a different result than would be obtained under § 304(a), and, where the work fell into the public domain after the renewal rights had vested (for example, for failure to affix a proper notice) to a different individual owning the restored copyright.").

138. "A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant." 17 U.S.C. § 304(c)(6)(A).

139. Otherwise, section 104A may be seen as impliedly repealing sections 203 and 304(c) with respect to this class of authors. Repeals by implication are disfavored. See *Capitol Records v. Naxos of Am.*, 372 F.3d 471, 480 (2d Cir. 2004) (citing *Branch v. Smith*, 538 U.S. 254, 273 (2003)). See also H.R. DOC. NO. 103-316 at 327 ("A restored copyright is meant to be indistinguishable from any other copyright and the holder of a restored copyright is to have exactly the same rights and remedies as any other copyright holder, except in respect to 'reliance parties.'"). Although the owner of a restored copyright is entitled to the same rights and remedies as any other copyright holder, the Copyright Office apparently takes the position that owners of restored copyrights are not granted renewal period rights under section 304(c). Under its view, Berne's prohibition on formalities means that all restored copyrights granted under section 104A must be single-term "1976 Act copyrights," even where a foreign work was first published under the 1909 Act. Although beyond the scope of this article, this

restored copyrights “authors” for purposes of section 104A, a U.S. court should find that section 203 and section 304(c) termination rights belong to the initial *author* of those works, not necessarily to their current *owner*.¹⁴⁰

The proposition that the “author” may be one party under section 104A and another party under sections 203 or 304(c) does not make sense. Other than in the case of joint works, the Copyright Act does not contemplate a work having two different authors.¹⁴¹ Although “authors” of restored works are determined under the law of the source country—and thus any inconsistency arguably is due to application of foreign law—the result is problematic.¹⁴²

Due to the inconsistencies created by section 104A case law, transactional attorneys and their clients, whether buying or selling rights in restored copyrights, must proceed carefully. Imagine the case in which a film studio wishes to create a feature film based upon a once public domain novel restored under section 104A. Assume that the party purporting to be the section 104A “author” of that restored novel is the owner of the work by virtue of a 1978 assignment from the initial author. Assume also that the restored copyright owner assigns all right, title and interest in the novel to the studio in 2008 and that the studio anticipates releasing the film in 2011. Once the novel becomes the basis for a studio release, there exists the real possibility that the original author will surface in 2013 to terminate the 1978 grant.¹⁴³ In drafting the 2008 agreement with the studio, counsel for the purported assignee-owner of the restored copyright needs to weigh carefully the representations, warranties and indemnities and the grant of rights that can be provided under these circumstances.

From the studio point of view, if the studio is able to complete the film prior to

interpretation is certainly open to challenge.

140. “The purpose of sections 203 and 304(c) is to protect *authors* from unremunerative transfers. (emphasis added). According to the House Report on the 1976 Act, a ‘provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work’s value until it has been exploited.’ A similar purpose animated the 1909 Act’s renewal provisions.” GOLDSTEIN, COPYRIGHTS, *supra* note 52, at § 5.4.

141. See, e.g., *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 559 (2d Cir. 1995) (expressing doubt that “Congress intended that a work could have two separate ‘authors’—one during the first phase of its existence, and another [during a later phase].”).

142. It is worth noting that a *foreign* court called upon to interpret section 104A could reach an entirely different result on the issue of authorship. For example, imagine a German company that distributes infringing DVDs of a German film in the United States and in Germany. A plaintiff wishes to bring suit for copyright infringement under both German and U.S. law and files suit in Germany, the company’s principal place of business (and the location of its attachable assets). The German court would apply choice-of-law principles of the forum country, Germany. Under German choice-of-law principles, the German court would apply U.S. law with respect to any U.S. infringements (i.e., the law of the country where the infringement occurred). German courts would not be bound by any U.S. court decision (if any existed) regarding the identity under German law of an “author” for purposes of section 104A, and in fact would offer a more authoritative reading of German law on the issue. The German court would presumably find that a restored copyright under section 104A vests in the natural person(s) that created the work. See German Copyright Law, *supra* note 129, art. 7 (“The person who creates the work shall be deemed the author.”); see also Ulrich Loewenheim, *Urheberrecht* § 7, ¶ 2 (Gerhard Schrickler ed., 2d ed. 1999).

143. See 17 U.S.C. § 203(b)(1).

2013, it will have the ongoing right to exploit that derivative work under the 2008 agreement, even should the original author terminate the 1978 grant.¹⁴⁴ The studio, however, will likely wish to pay very little for sequel rights, for example, because once the original author terminates the 1978 grant, under section 203 the studio will not be entitled to create any further derivative works based upon the novel. In certain instances the studio's wisest course may be to obtain rights from the original author.¹⁴⁵

In actual practice, many transfers of restored copyrights will take place without any of the precautions outlined above. Given that courts interpreting section 104A are treating owners as "authors," it seems inevitable that the scope and application of termination rights under sections 203 and 304(c) will be tested in the courts by these "authors" of restored copyrights. To avoid disputes and litigation in the area, designation of "authors" under section 104A may be an issue that could benefit from further Congressional clarification or oversight, or from a reversal of direction by the courts themselves.

C. ENFORCEMENT OF RESTORED COPYRIGHTS

1. Providing notice of restored work claims to users of restored works

The process of enforcing a restored copyright commences with service of a Notice of Intent to Enforce a Restored Copyright ("NIE") upon a putative infringer.¹⁴⁶

The owner (or agent of an owner) of a restored copyright may serve a NIE at any time after the date of restoration.¹⁴⁷ (Prior to January 1, 1998, owners of restored works were permitted to provide constructive notice, instead of or in addition to service directly upon a defendant, by filing a NIE with the U.S. Copyright Office.)¹⁴⁸

144. *See id.*

145. Section 203 termination rights may not be contracted around. 17 U.S.C. § 203(a)(5). Thus, to obtain full rights to exploit the work might require a transfer of rights from the current owner back to the original author and a new transfer involving all three parties to the transaction.

146. The Copyright Office does not provide forms for NIEs. *See* 37 C.F.R. § 201.34(c) (2005). Although no case law exists concerning the proper form of a NIE, a prudent attorney representing a plaintiff will hew to the various requirements found in the statute and relevant regulations. *See* 17 U.S.C. § 104A(e); 37 C.F.R. § 201.33-34 (2005). The Statement of Administrative Action clarifies that filing of as NIE "shall not prejudice the ability of a person to seek at any time a judicial determination that a particular work was never in the public domain in the United States." H.R. DOC. NO. 103-316, at 329. Nevertheless, given that a NIE may often be filed before a plaintiff is willing to concede defendant qualifies as a "reliance party," it may be prudent practice to caption a NIE as a "Notice of Intent to Enforce a Restored Copyright under the Uruguay Round Agreements Act in the Event Defendant is Deemed to be a Reliance Party." *Id.*

147. 17 U.S.C. §§ 104A(e)(1), (2)(A).

148. 17 U.S.C. § 104A(e). *See, e.g.,* Cordon Holding B.V. v. Nw. Publ'g Corp., 2002 U.S. Dist. LEXIS 6111, at *8 (S.D.N.Y. 2002) (allowing action based upon a NIE filed at the Copyright Office on April 23, 1996). For plaintiffs relying solely upon NIEs filed with the Copyright Office, remedies under the Copyright Act are only available where filed prior to January 1, 1998. 17 U.S.C. § 104A(d)(A).

Although filing or service of a NIE is not a prerequisite to obtaining federal subject matter jurisdiction, failure to do so prevents a plaintiff from “seek[ing] redress for any alleged acts of infringement” by a defendant who qualifies as a “reliance party” under section 104A (discussed directly below in Section II.C.2.).¹⁴⁹ Put another way, nothing in section 104A prohibits reliance party defendants from exploiting a restored work forever—unless the copyright owner of the restored work serves the reliance party with a NIE. If a defendant is *not* a reliance party, on the other hand, service of a NIE is not required prior to seeking relief.

2. Persons deemed to be “reliance parties” under section 104A

Section 104A divides unauthorized users of restored works into two distinct camps: reliance parties and non-reliance parties (i.e., infringers). Persons who are deemed to be reliance parties based upon certain qualifying prior U.S. uses of a restored work are entitled to continue to exploit that work on a restricted basis without liability.¹⁵⁰ Persons who do not meet the statutory requirements to be deemed a reliance party, even if they have previously exploited a restored work in some manner, may be subject to infringement liability for their use of that work.

There are three separate means by which a party may become a reliance party under section 104A. Under section 104A(h)(4), the term reliance party means any person who

(A) with respect to a particular work, engages in acts, before the source country of that work becomes an eligible country, which would have violated section 106 if the restored work had been subject to copyright protection, and who, after the source country becomes an eligible country, continues to engage in such acts;

(B) before the source country of a particular work becomes an eligible country, makes or acquires 1 or more copies or phonorecords of that work; or

NIEs filed with the Copyright Office are listed in the Federal Register and are available over the U.S. Copyright Office website, which constitutes constructive notice. 17 U.S.C. § 104A(e)(1)(B). Section 104A(e)(D)(ii) directs the Copyright Office to establish simultaneous copyright registration for parties filing NIEs. However, “[t]his section permits *only* the initial author or rightholder to register a claim of copyright,” not a transferee. PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 56. Unlike the timely filing of a copyright registration, however, the filing of a NIE with the Copyright Office does not create a presumption of the validity of any of the facts stated therein. Compare 17 U.S.C. § 104A(c) with *supra* note 52.

149. See *Hoepker v. Kruger*, 200 F. Supp. 2d 340, 347 (S.D.N.Y. 2002) (holding that a plaintiff who fails to file or serve a NIE “may not seek redress for any alleged acts of infringement” by reliance parties).

150. One court has found that section 104A does not require a reliance party have a good faith belief that the restored works he or she exploited were in the public domain. See *Películas y Videos Internacionales v. Harriscope of L.A., Inc.*, 302 F. Supp. 2d 1131, 1136 n.7 (C.D. Cal. 2004) (reasoning that the plain language of section 104A requires “the reliance party act in a manner that would have infringed the copyright, had it been in force, to obtain reliance party status.”). But see H.R. DOC. NO. 103-316., at 326 (“[t]he concept of ‘reliance party’ is intended to grant, for a limited time, to persons having acted in good faith reliance on the public domain status of the now-restored work, the ability to exploit such works in most manners.”).

(C) as the result of the sale or other disposition of a derivative work covered under subsection (d)(3), or significant assets of a person described in subparagraph (A) or (B), is a successor, assignee, or licensee of that person.

Unfortunately, the provisions governing reliance party status are among section 104A's most confusing.

a. Reliance party status through prior and continued use of restored works

Most parties who qualify for reliance party status will likely do so based upon their prior and ongoing use of a restored work in reliance upon the work's previous public domain status, under section 104A(h)(4)(A). The requirements for becoming a reliance party under this provision are quite technical, however.

A person qualifies as a reliance party under section 104A(h)(4)(A) if that person

with respect to a particular work, engages in acts, before the source country of that work becomes an *eligible country*, which would have violated section 106 if the restored work had been subject to copyright protection, and who, after the source country becomes an eligible country, *continues to engage in such acts*.¹⁵¹

The elements italicized above are discussed below, seriatim.

(i) The "eligible country" element

First, sub-section (4)(A) requires a court to determine the date upon which the source country became an "eligible country." In the vast majority of cases (i.e., those involving most Berne Convention member countries), that date will be December 8, 1994.¹⁵² As discussed below in Section II.C.2.a.(iii), a defendant's "reliance" before and after this date is critical to reliance party status provided under this sub-section.

Although courts appear to have had little difficulty applying this element,¹⁵³ two

151. 17 U.S.C. § 104A(h)(4)(A) (emphasis added). The term "particular work" refers to a plaintiff's restored work, not to a defendant's allegedly infringing work. See H.R. DOC. 103-316, at 326 (paraphrasing section 104A(h)(4)(A) as referring to persons who "engaged in acts with respect to a particular restored work") (emphasis added).

Section 104A restores "works," not "copyrightable subject matter" per se. As discussed *supra* Section II.A.5., defendant Russ Berrie in *Dam Things* argued that he had not infringed the copyright in *Dam Things*' original 1957/1958 troll doll because his designs were based upon a later public domain 1961 *Dam Things* doll that was ineligible for restoration because it was first published in the United States (rather than in an "eligible country"). The Third Circuit confirmed that plaintiff *Dam Things* had shown it was likely to succeed on the merits of its restoration claim *solely* with respect to its original 1957/1958 doll. *Dam Things From Den. v. Russ Berrie & Co. (Dam Things II)*, 290 F.3d 548, 560 (3d Cir. 2002). If U.S. copyrights in *only* *Dam Things*' 1957/1958 "work" were restored, can Russ Berrie possibly be a "reliance party" if his designs were based upon *Dam Things*' non-restored 1961 work? Will it depend upon whether or not on remand the district court determines that the 1961 work is a derivative work based upon the former? (For a fuller discussion of the *Dam Things* holding on derivative works, see *infra* Section II.C.4.).

152. See *infra* Section II.A.4; *supra* note 103.

153. See, e.g., *Cordon Holding B.V. v. Nw. Publ'g Corp.*, 2002 U.S. Dist. LEXIS 6111, *35 (S.D.N.Y. 2002) (finding that defendants were not reliance parties because their allegedly infringing acts

courts have confused “eligible country” analysis with “effective date of restoration analysis.”¹⁵⁴ As a consequence, defendants in one of the lawsuits were deemed to be reliance parties with respect to two motion pictures when in fact their use of those works constituted infringement.¹⁵⁵

(ii) *The territoriality element*

Second, sub-section (4)(A) requires that a reliance party’s prior use consist of conduct that “would have violated section 106 if the restored work had been subject to copyright protection”—in other words, use that would have amounted to infringing conduct under U.S. copyright law, had the works not been in the public domain at the time.¹⁵⁶ Due to the territorial nature of copyright law, U.S. copyrights may only be infringed by acts taking place in the United States.¹⁵⁷ The Third Circuit in dicta has suggested that a reliance party need be from the United States;¹⁵⁸ however, section 104A reliance party status is equally applicable and

did not begin prior to December 8, 1994).

154. See *Películas*, 302 F. Supp. 2d at 1138 (concluding incorrectly that reliance party status requires use of work prior to January 1, 1996; but defendants were not reliance parties with respect to two restored works, *El* and *Viaje a la Luna*, since they had not engaged in infringing acts with respect to them prior to December 8, 1994); *Dam Things From Den. v. Russ Berrie & Co. (Dam Things I)*, 173 F. Supp. 2d 277, 285 n.9 (S.D.N.J. 2001) (describing a reliance party as “an entity who ‘engages in acts [before 1996] which would have violated [the author’s rights] if the restored work had been subject to copyright protection, and who after [1996] continues to engage in such acts’”). Another court has imprecisely referred to “1994” as the date upon which eligible country status attaches. See *Hoepker v. Kruger (Hoepker I)*, 2001 U.S. Dist. LEXIS 13043, at *5-6 (S.D.N.Y. 2001) (describing a reliance party as “a person or entity who ‘engages in acts [before 1994] which would have violated [the author’s rights] if the restored work had been subject to copyright protection, and who after [1994] continues to engage in such acts’”).

155. See *Películas*, 302 F. Supp. 2d at 1138.

156. Section 106 lists a copyright owner’s exclusive rights under U.S. copyright law. Those rights consist of “the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies or phonorecords; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audio visual works, to perform the copyrighted work publicly; (5) in the case of literary, music, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.” 17 U.S.C. § 106.

157. U.S. copyright law—and § 106—is “territorial,” and thus generally inapplicable to conduct outside of the United States. See, e.g., *Subafilms, Ltd. v. MGM-Pathe Comm’ns Co.*, 24 F.3d 1088, 1091 n.6 (9th Cir. 1994) (“The Copyright Act does not extend to acts of infringement that take place entirely abroad.”). The general rule of territoriality, however, at least where cross-border conduct occurs, does not always hold firm. See, e.g., GOLDSTEIN, *INTERNATIONAL COPYRIGHT*, *supra* note 3, § 3.1.2.2 (opining that where direct infringement occurs in protecting country and contributory infringement occurs abroad, “courts are more likely to hold that the act of contributory infringement comes within the subject matter jurisdiction of protecting country on the ground that extraterritorial acts will be actionable when they are intended to, and do, have an effect in the protecting country.”).

158. See *Dam Things From Den. v. Russ Berrie & Co. (Dam Things II)*, 290 F.3d 548, 555 (3d Cir. 2002) (citations omitted) (describing section 104A “reliance parties” as “American authors who

available to foreign defendants; so long as their relevant conduct occurred in the United States.

(iii) *The “continues to engage in” element*

The third element of sub-section (4)(A) reliance party status requires that a reliance party engage in otherwise infringing acts before the date the source country becomes an eligible country, and *continue to engage in* those acts after that date. The “continues to engage in such acts” element is satisfied only where the defendant “violates” *identical* section 106 rights of the plaintiff with the *identical* work before and after the date the source country becomes an eligible country (in most cases December 8, 1994).¹⁵⁹ This conclusion is borne out by both the purpose and structure of the statute.¹⁶⁰ The “continues to engage in” element also requires

copied the restored works while they were in the public domain . . .”) (emphasis added).

159. See H.R. DOC. NO. 103-316, at 326 (describing reliance parties under section 104A(h)(4)(A) as persons who “engaged in acts with respect to a particular restored work, prior to the date of enactment of the Uruguay Round Agreements Act, that would have been infringing had it been copyrighted at the time (i.e., acts such as reproduction, public performance, or creation of a derivative work) and continued such acts after restoration”); PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 52 (“a person seeking to establish reliance party status must have engaged in the same acts before and after restoration, and not different ones. Thus, where a book publisher engaged in an unauthorized reproduction of a photograph or poem before restoration but did not distribute books containing the photograph or poem before restoration, if it distributes books containing the photograph or poem after restoration it is not entitled to reliance party status.”); Karp Report, *supra* note 26, at 213 (“[A] publisher that only reproduced and distributed copies of a public domain book before the ‘eligible country’ deadline could not claim reliance party status for different uses commenced after the deadline—such as producing a television play derived from the book, or producing and distributing audiocassettes containing a reading of the book, or placing its text in data bases for on-line retrieval.”); NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[C][1][a] (“[I]f an impresario has been staging live performances based on [Mahfouz’s] *Wedding Song* since 1975 and continues to do so after Egypt becomes eligible for copyright restoration, she constitutes a ‘reliance party.’ On the other hand, to the extent that (following restoration) she starts to engage in the separate activity of selling copies of the script, she is outside the protection offered by the statutory definition.”); *id.* at n.123 (“Given that the statutory definition is keyed to a particular work, her conduct in staging a new version of [Mahfouz’s] *The Thief and the Dog* following Egyptian eligibility would be equally infringing.”). Cf. *Mason v. Montgomery Data, Inc.*, 741 F. Supp. 1282, 1285-86 (S.D. Tex. 1990) (awarding statutory damages where defendant engaged in infringing acts prior to registration only where there is a difference in defendant’s pre- and post-registration activities).

160. The purpose of section 104A was to comply with Berne Convention article 18, incorporated into the TRIPs Agreement. See Berne Convention, *supra* note 1, art. 18 (obligating members of Berne to retroactively protect foreign works already in existence at the time the work’s source country first adhered to the Convention). To allow a party who exploited a restored work incidentally pre-restoration to be immune from liability for any future variety of infringement (e.g., allowing a person’s single pre-restoration live performance of Mahfouz’s “Wedding Song” as the predicate for launching a business selling print copies of the work post-restoration) would be hard to square with Berne. Nor would U.S. interests in enacting section 104A (i.e., desiring reciprocal protection abroad for U.S. works) be advanced if U.S. works were infringed outside the United States on similar grounds. See, e.g., 140 CONG. REC. S15271 (Sept. 12, 1994) (remarks of Sen. Leahy) (“This is among the more complicated set of changes to our law. It is being proposed in order to ensure that others will treat U.S. works similarly within their countries and grant them the copyright protections to which they should be entitled.”). Finally, the structure of section 104A compels the interpretation argued for here. The safe harbor for existing derivative works (see *infra* Section II.C.4.e.), for example, permits ongoing use *only* where such works were created *prior* to December 8, 1994. 17 U.S.C. § 104A(d)(3)(A). That is, *even* as to *reliance*

that defendant's infringing acts be continuous and without lapse.¹⁶¹

Courts addressing the "continues to engage in" element thus far have only done so in passing.¹⁶² Although those cases on their facts were consistent with the interpretation proposed here (i.e., defendants violated identical section 106 rights of the plaintiff with identical works before and after December 8, 1994), in each case the courts stopped short of clarifying that the acts engaged in by defendants *must* remain identical and continue without lapse to sustain reliance party status.¹⁶³

b. Reliance party status based upon reproductions or acquisitions of restored works

Section 104A(h)(4)(B) provides a second means by which a defendant may be deemed a reliance party. Under this provision, a "reliance party" means any person who "before the source country of a particular [restored] work becomes an eligible

parties, there is no safe harbor for derivative works created after that date. It would be illogical if a category of infringing use denied to reliance parties could be used to *qualify* a defendant for reliance party status under section 104A(h)(4)(A) in the first place.

161. See 140 CONG. REC. E2264 (daily ed. Oct. 8, 1994) (remarks of Rep. Hughes) ("A key to the reliance party status under this provision is the requirement that the person have continued to engage in the described conduct. This requirement incorporates the continuing infringement doctrine and is also relevant to Section 104A(4) concerning statutory damages and attorney's fees. Under this doctrine and Section 104A, the defendant must have engaged in an ongoing series of acts. Cessation of that activity for an appreciable period of time will deprive one of reliance party status."). See also PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 46 (describing Representative Hughes' remarks as "the only legislative history on the issue," stating that "[t]here is no definition of 'continue' because Congress wanted the doctrine of continuing infringement developed by the courts to apply."); *Dam Things II*, 290 F.3d at 555 n.7 (plaintiff argued defendant was not a reliance party "because of the lack of sales by [defendant] during relevant time periods;" because the issue was raised only in oral argument and not properly addressed in any briefs, however, the court refused to address the issue).

162. See *Películas y Videos Internacionales v. Harriscope of L.A., Inc.*, 302 F. Supp. 2d 1131, 1136 (C.D. Cal. 2004) ("In general terms, a reliance party is someone who used a work prior to copyright restoration and who continues to use it after restoration"); *Hoepker v. Kruger (Hoepker II)*, 200 F. Supp. 2d 340, 346-47 (S.D.N.Y. 2002) ("By creating the Kruger Composite in 1990, Kruger engaged in an act which would have violated Hoepker's copyright—specifically, his exclusive right to create derivative works—if Hoepker's photographic image had been subject to copyright protection at the time . . . [and] she continued to engage in infringing acts post-restoration."); *Dam Things From Den. v. Russ Berrie & Co. (Dam Things I)*, 173 F. Supp. 2d 277, 285 n.9 (S.D.N.J. 2001) (describing a reliance party as a person who engages in otherwise infringing acts prior to restoration and who afterwards "continues to engage in such acts.") (citing section 104A(h)(4)).

163. See *Películas*, 302 F. Supp. 2d at 1138 ("[T]he evidence clearly establishes that infringing acts, that is, the creation of the pan and scan copies and the broadcast of the films, occurred prior to January 1, 1996. Because the broadcast logs additionally establish the continued broadcast of the films after January 1, 1996, the Court holds that Defendants qualify as reliance parties as to the twenty-one films listed above."). Given the complexity of reliance party analysis under section 104A(h)(4)(A), there is a risk that partial or incomplete analysis of statutory elements will render the determination less helpful in terms of precedential value. See, e.g., *Hoepker v. Kruger (Hoepker I)*, 2001 U.S. Dist. LEXIS 13043, *5 (S.D.N.Y. 2001) (stating only that "Kruger is a reliance party because she created the work in 1990, when Hoepker's photograph was in the public domain" and that a "restored work" is "an original work of authorship that . . . is not in the public domain in its source country . . . [but] is in the public domain in the United States.") (citing section 104A(h)(6)).

country, makes or acquires 1 or more copies or phonorecords of that work.”¹⁶⁴ A reliance party’s acquisition of works “incorporating a material portion of a restored work are also encompassed by this provision.”¹⁶⁵

The enactment of this subsection was intended to protect buyers, sellers and copiers of previously public domain materials from liability.¹⁶⁶ For example, under section (4)(B), a museum that purchased an art piece in 1990 that allegedly infringed the restored copyright of another work has been found to be a reliance party.¹⁶⁷

Although the statute is drafted ambiguously, the rights granted to a reliance party under section (4)(B) are limited to the subsequent disposition of the particular copies in a party’s possession prior to the “eligible country date” (December 8, 1994, in most cases).¹⁶⁸

c. Reliance party status for successors, assignees or licensees of reliance parties

Section 104A(h)(4)(C) provides a final means for obtaining reliance party status, where that party, “as the result of the sale or other disposition of a derivative work covered under subsection (d)(3), or significant assets of a person described in subparagraph (A) or (B), is a successor, assignee, or licensee of that person.”¹⁶⁹

“Subsection (d)(3)” in this provision refers to the so-called “safe harbor for existing derivative works” (discussed in detail in Sections II.C.3.-4.). Under the section 104A(d)(3) safe harbor, reliance parties may continue to exploit existing derivative works that were based upon a restored work, provided the “existing

164. The SAA muddies the water by describing section 104A(h)(4)(B) as pertaining to a class of persons who “made or acquired one or more copies of a particular restored work prior to the date of enactment,” rather than the date the source country *became an eligible country*, which is the proper reading of the statute. See H.R. DOC. NO. 103-316, at 326.

165. *Id.*

166. See NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[C][1][a] (noting that section 104A(h)(4)(B)’s “wide language qualifies even a casual book collector with an old volume languishing on the shelf”).

167. See *Hoepker II*, 200 F. Supp. 2d at 347 (“MOCA, too, is clearly a reliance party; having purchased the Kruger composite, MOCA is, for some purposes, a successor to and, for other purposes, a licensee of Kruger.”) (citing section 104A(h)(4)(B)). Strictly speaking, however, while MOCA may have been a reliance party as a purchaser under sub-section (4)(B), its status as a reliance party-licensee of Kruger would have arisen under sub-section (4)(C).

168. See NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[C][1][a] (“[G]iven that the definition proceeds item-by-item, the characterization applies only to subsequent disposition of that single article.”). This must be the proper interpretation of sub-section (4)(B). Sub-section (4)(b), however, unlike sub-section (4)(a), contains no “continues to engage in” element to assure that a reliance party not be allowed to expand the scope of infringing conduct post-restoration. A tortured reading of the statute might permit a bookseller owning a single copy of “Wedding Song” as of December 8, 1994 to create a motion picture in 2005 based upon Mahfouz’s work. However, while the SAA states that “[a]cquisition of works incorporating a material portion of a restored work are also encompassed by this provision,” it does not suggest that the creation of further reproductions or derivative works incorporating a material portion of a restored work would be equally encompassed. H.R. DOC. 103-316 at 326. See also 17 U.S.C. §§ 202, 204(a) (purchasing book does not include right to make and sell copies of it).

169. 17 U.S.C. § 104A(h)(4)(C).

derivative work” was created prior to (in most cases) December 8, 1994.¹⁷⁰ Thus, section (4)(C) generally provides that a successor, assignee or licensee of (1) a safe-harbor “existing derivative work” or (2) “significant assets” of a section (4)(A) or section (4)(B) reliance party (discussed directly above), is entitled to reliance party status as well.

In *Hoepker II*,¹⁷¹ the only section 104A case applying sub-section (4)(C) thus far, the court concluded (improperly, it is contended here) that section (4)(C) reliance parties who had licensed a safe harbor derivative work from the primary defendant-reliance party were permitted to create *new* derivative works post-restoration without liability, within the “right to exploit” derivative works granted under the section (d)(3) safe harbor.¹⁷²

As discussed in Sections II.C.4.c.-e., the primary defendant-reliance party herself, however, had no right to create further derivative works based upon either her reliance party status or the safe harbor provision and therefore could not convey the right to her licensees.¹⁷³ Nor could a section (4)(C) reliance party succeed to greater rights under a license than those possessed by the licensor; if that were the case, reliance party licensors would merely license impermissible uses to third parties, leading to unintended results.¹⁷⁴

3. Reliance parties' rights to ongoing use of restored works

As the above discussion suggests, the first step in enforcing a restored copyright

170. 17 U.S.C. § 104A(d)(3). See also *supra* note 103.

171. *Hoepker II*, 200 F. Supp. 2d 340.

172. See *Hoepker II*, 200 F. Supp. 2d at 345. See *Hoepker v. Kruger (Hoepker I)*, 2001 U.S. Dist. LEXIS 13043, at *6 (S.D.N.Y. 2001) (finding licensee-defendants qualified as reliance parties).

173. The House Report confirms that Congress, in enacting section 104A(h)(4)(C), did not intend to alter traditional contract principles and that reliance party-licensees succeed to no greater rights than those possessed by the reliance party-licensor. See, e.g., 140 CONG. REC. E2264 (daily ed. Oct. 8, 1994) (remarks of Rep. Hughes) (“[s]uch successors, assignees, or licensees, of course, acquire only the right to sell off copies or phonorecords for the duration of the period of the reliance party.”); PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 46 (“[sub-section (d)(3)] does not provide an independent ground for reliance party status.”). Moreover, given that sub-section (d)(3) operates to create a copyright license between the owner of the restored work and the exploiter of an existing derivative work, it is doubtful that a reliance party (at least under Ninth Circuit law) would be entitled to sub-license rights without the express approval of the owner of the restored copyright. See *Gardner v. Nike, Inc.*, 279 F.3d 774, 779-81 (9th Cir. 2002) (exclusive license may not be assigned without licensor’s express consent unless license explicitly provides); *Playmedia Systems, Inc. v. Am. Online, Inc.*, 171 F. Supp. 2d 1094, 1099 (C.D. Cal. 2001) (non-exclusive licensee may not “re-sell” or sub-license rights acquired unless he has been expressly authorized to do so) (quoting *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1333 (9th Cir. 1984)).

174. Sub-section (4)(C), however, is ultimately ambiguous. Sub-section (4)(C)—like sub-section (4)(B), but unlike sub-section (4)(A)—contains no “continues to engage in” element to prevent a reliance party from expanding the scope of infringing conduct post-restoration. It might be argued, therefore, that the statute on its face would not prevent the reliance party-licensee of an “existing derivative work” from creating *subsequent* derivative works, unlike the limitations expressly placed upon reliance parties under section 104A(h)(4)(A). But it would not make sense for a reliance party to face liability under sub-section (4)(A) for creating a new work post-restoration but to escape liability, and share in the results and proceeds of such conduct, by licensing another party the right to do so.

consists of determining whether the putative infringer is a reliance party or not. If not, a restored owner plaintiff may immediately institute suit “with respect to an[y] act of infringement of the restored copyright that is commenced on or after the date of restoration” (usually January 1, 1996).¹⁷⁵

If the defendant is—or may be deemed—a reliance party, plaintiff should serve a NIE on defendant as soon as practicable. Service of a NIE starts the procedural clock ticking, while plaintiff proceeds with discovery. At that point, as the following discussion indicates, a great deal turns on whether defendant’s infringement is by means of a “reproduction or copy” of the restored work or an “existing derivative work” based upon the restored work.

a. Reliance parties’ rights to ongoing use of reproductions or copies of restored works

If infringement is by means of a reproduction or copy, plaintiff’s service or filing of a NIE triggers a twelve-month, sell-off period,¹⁷⁶ during which time a reliance party defendant is entitled to sell any existing copies in defendant’s possession, but prohibited from manufacturing any further copies of the work.¹⁷⁷ If a reliance party engages in acts of infringement after the twelve months have run (or engages in them prior to its running and continues those infringing acts after its running) the party is liable for copyright infringement.¹⁷⁸ In enacting section 104A, it was thought that the twelve-month window would allow the parties time to negotiate a license for ongoing use and to sell off inventory.¹⁷⁹ However, if no agreement is reached during that period, the reliance party is out of luck, and any further use of infringing reproductions or copies of the restored work by defendant is actionable.¹⁸⁰

b. Reliance parties’ rights to ongoing use of existing derivative works under the safe harbor

If, on the other hand, infringement is by means of an “existing derivative work,”

175. 17 U.S.C. § 104A(d)(1).

176. 17 U.S.C. §§ 104A(d)(2)(A), (B). See NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[C][3][a]. One court has misinterpreted the sell-off period provision, stating in dicta that “[w]here the act of infringement consists merely of reproducing the restored work, the 12-month grace period does not apply.” *Hoepker II*, 200 F. Supp. 2d at 346 n.7. The same court appears to have inaccurately concluded that the owner of a restored work may dispense with a NIE if the infringing work is merely a reproduction of that work. *Id.* at 347 n.10. This is not the case, and NIEs should be filed and/or served in every section 104A action. 17 U.S.C. § 104A(c).

177. H.R. DOC. NO. 103-316, at 328. See *Luck’s Music Library, Inc. v. Ashcroft*, 321 F. Supp. 2d 107 at 110 (noting defendant’s inability to sell-off entire inventory during twelve-month period).

178. 17 U.S.C. § 104A(d)(2)(A).

179. See H.R. DOC. No. 103-316, at 328 (“The grace period will also provide an opportunity for the parties to reach a licensing agreement to permit continued use of the work.”). See *supra* note 177.

180. See H.R. DOC. No. 103-316, at 328 (“In the absence of an agreement, the reliance party must cease using the work at the end of the grace period.”).

a reliance party defendant's conduct is treated more leniently,¹⁸¹ pursuant to the section 104A(d)(3) "safe harbor."¹⁸² In most cases, "existing derivative works" means works created prior to December 8, 1994 (i.e., for works whose source country was a member of the Berne Convention or the WTO as of that date).¹⁸³ With respect solely to such works, the safe harbor entitles reliance parties to their ongoing use, subject to their paying "reasonable compensation" to the owner of the restored work.¹⁸⁴ In other words, section (d)(3) operates to create a mandatory license between reliance party and copyright owner.

4. The blurred line between "derivative works" and "substantially similar reproductions"

The section 104A(d)(3) safe harbor plainly encourages defendants to characterize their infringing works as "derivative works" wherever possible, rather

181. The Senate Report explains the disparate treatment as arising from concerns that, in the case of a derivative work, "a one year sell off period might be an inadequate period to recoup the investment" of the derivative work's author(s). S. REP. NO. 103-412, at 226 (1994).

182. Section 104A(d)(3) reads as follows:

(A) In the case of a derivative work that is based upon a restored work and is created (i) before the date of enactment of the Uruguay Round Agreements Act, if the source country of the restored work is an eligible country on such date, or (ii) before the date on which the source country of the restored work becomes an eligible country, if that country is not an eligible country on such date of enactment, a reliance party may continue to exploit that derivative work for the duration of the restored copyright if the reliance party pays to the owner of the restored copyright reasonable compensation for conduct which would be subject to a remedy for infringement but for the provisions of this paragraph.

(B) In the absence of an agreement between the parties, the amount of such compensation shall be determined by an action in United States district court, and shall reflect any harm to the actual or potential market for or value of the restored work from the reliance party's continued exploitation of the work, as well as compensation for the relative contributions of expression of the author of the restored work and the reliance party to the derivative work.

17 U.S.C. § 104A(d)(3).

183. See *supra* note 103; *infra* Section II.A.4.

184. Section 104A is ambiguous, however, as to whether or not reliance parties exploiting existing derivative works are subject to a twelve-month period of immunity as they are when exploiting infringing reproductions. Some provisions suggest that they are not. See 17 U.S.C. § 104A(d)(2)(B)(ii)(III) (stating that the period applies in cases involving "copies or phonorecords of a work in which copyright has been restored") (emphasis added); 17 U.S.C. § 104A(d)(2) (suggesting that twelve-month period applies except in cases involving section (d)(3) safe harbor). On the other hand, an argument can be made that owners of derivative works are also entitled to a twelve-month sell-off period, prior to taking advantage of the safe harbor under section 104A(d)(3). One court in dicta has concluded this is the case. *Hoepker v. Kruger (Hoepker II)*, 200 F. Supp. 2d 340, 347 (S.D.N.Y. 2002). See PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 49 (observing that "[a] ban on exploitation of the original work after restoration and the 12 month sell-off period would also bar exploitation of the derivative work owner's expression."). See also Notice of Policy Decision – Copyright Restoration of Certain Berne and WTO Works, 60 Fed. Reg. 7793, 7795 (Feb. 9, 1995) ("Except for reliance parties who created derivative works, reliance parties must cease using the work after the 12-month grace period unless they reach a licensing agreement with the copyright owner for continued use of the restored work.").

than “reproductions.”¹⁸⁵ Doing so enables defendants to continue to exploit these works under a license, where ongoing use (beyond the twelve-month, sell-off period) of these same works—if they are deemed to be infringing “reproductions”—is actionable under section 104A.¹⁸⁶

As indicated in Section II.B.3., disparate treatment of existing derivative works is not without precedent under the Copyright Act. An author’s right to terminate transfers under sections 203 and 304(c) does not extend to existing derivative works created under the terminated license, which may continue to be exploited post-termination.

Distinguishing “derivative works” from “reproductions,” however, remains one of the most vexing aspects of section 104A and copyright law generally.

a. The Third Circuit’s Dam Things decision

Dam Things From Denmark v. Russ Berrie Co.,¹⁸⁷ the most detailed section 104A decision to date, turned on the very issue. Plaintiff Dam Things was found to be the owner of a restored copyright in the original 1957/1958 “Good Luck Troll” doll created in Denmark and later introduced in the United States.¹⁸⁸ Defendant was the putative owner of no less than fifteen troll doll designs. On appeal, Defendant argued that even if his dolls infringed Dam Things’ 1957/1958 doll, the injunction granted below was in error because he was entitled to the safe harbor for derivative works.¹⁸⁹

Observing that “the United States Courts of Appeals have yet to provide any guidance as to the application of § 104A,” the Third Circuit announced it would “set forth the proper standards and analysis that needs to be conducted by a district court faced with an issue of whether a § 104A reliance party’s work infringes and should be barred, or is a derivative work entitled to licensing.”¹⁹⁰

According to the *Dam Things II* court, when faced with an infringement action involving multiple works, a district court interpreting section 104A must first

185. Conversely, it motivates plaintiffs to assert that infringing works are reproductions and not derivative works. See, e.g., *Hoepker II*, 200 F. Supp. 2d at 347 n.10 (“Hoepker argues that the Kruger Composite is not a derivative work because it lacks sufficient additional creative elements. This argument is without merit...as if the Kruger Composite were nothing more than a mere ‘reproduction.’”).

186. “The rationale for the exception is that persons who have contributed their own creativity to a restored work, as for example, where a motion picture is based on a short story, should be permitted to exploit their own contributions.” 140 CONG. REC. E2264 (daily ed. Oct. 8, 1994) (remarks of Rep. Hughes).

187. See *Dam Things From Den. v. Russ Berrie & Co. (Dam Things I)*, 173 F. Supp. 2d 277 (S.D.N.J. 2001); *Dam Things From Den. v. Russ Berrie & Co. (Dam Things II)*, 290 F.3d 548 (3d Cir. 2002).

188. *Dam Things II*, 290 F.3d at 561. On appeal, after having apparently sought restoration for all of its dolls below, plaintiff sought restoration for only its original 1957/1958 troll, referred to as “P1” (i.e., “Plaintiff’s Exhibit 1”); the court, concluding that the “myriad troll dolls paraded before” it by plaintiff were not identical works and refusing to lump them together, expressly limited its restoration holding to “P1.” *Id.* at 558.

189. *Id.* at 561.

190. *Id.*

“consider whether there has been infringement by comparing each of the allegedly infringing works against the restored work.”¹⁹¹ If the court finds infringement, “it must consider whether the safe harbor provision is implicated, namely, whether the infringing works are derivatives of the restored work.”¹⁹²

Complaining that the parties’ briefs “label the trolls and group them as suits each party’s interests” and “ask us to rule in sweeping fashion as to the protection, or lack thereof,”¹⁹³ the Third Circuit held that the “derivative works” analysis requires the trial judge to compare every allegedly infringing work side by side with the restored work, focusing on the distinct aspects of each, to determine whether each work is a derivative of the restored work.¹⁹⁴ Admitting that a district court faces a complex task in doing so, the court nevertheless reasoned that an “exacting comparison needs to be made,” since it might demonstrate that some troll dolls “could be considered to be derivative works while others would not.”¹⁹⁵

b. Various indicia of “derivative works”

For purposes of section 104A or otherwise, then, what is a “derivative work”? And where is the dividing line between an infringing (i.e., substantially similar) reproduction and an infringing derivative work?¹⁹⁶ “Has an infringer who strings together excerpts from [a] novel violated the reproduction right, the derivative right, or both?”¹⁹⁷ Although a detailed discussion of these questions, none admitting of a ready answer, is well beyond the scope of this Article, a few observations may be made.¹⁹⁸

191. *Id.*

192. *Id.* at 563.

193. *Id.* at 552-53.

194. *Id.* at 566. Although the district court opinion included comparisons of two of defendant’s troll dolls with two of plaintiff’s, apparently this level of analysis will not suffice. See *Dam Things I*, 173 F. Supp. 2d at 289-290. The Third Circuit’s opinion also suggests that any relevant works should be placed into evidence. See *Dam Things II*, 290 F.3d at 566.

195. *Id.* The significance of derivative works under section 104A was recognized early-on by one of the provision’s authors. See PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 51 n.192 (“The issue could also arise in an infringement action brought by a restored copyright owner in which he or she alleged that the work was not a derivative work, or in a declaratory judgment action by the purported derivative work owner alleging that the work was a derivative work.”).

196. Infringement occurs when a defendant violates one of a copyright owner’s exclusive rights identified in section 106 of the Copyright Act. See *supra* note 156. To be an infringing reproduction, a defendant’s work must copy from plaintiff’s and contain “substantial similarities” to the expression contained in the original work. *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946).

197. Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. Copyright Soc’y U.S.A. 209, 217, 217 n.29 (1983). “Cases . . . underscore the fact that the difference between the right to reproduce and the right to prepare derivative works will often be one of degree rather than kind and that, in these cases, the distinction is best resolved according to the comparative degree to which the infringing work belongs to one category rather than the other: the degree to which it adds expressive elements to the underlying work and the degree to which it serves a market different from the market for the underlying work.” *Id.*

198. Given the dispositive distinction between reproductions and derivative works, care should be taken to avoid use of the colloquial terms “reproduction” or “copy” to the extent possible, lest such characterizations contribute to confusion or perhaps even to unintended admissions. See, e.g., *Películas*

The Supreme Court has held that “originality is a constitutionally mandated prerequisite for copyright protection.”¹⁹⁹ To be copyrightable, therefore, a derivative work must contain originality sufficient to satisfy the minimum constitutional requirement. However, not all courts view the requirement identically. Under the Third Circuit test, for a derivative work to be copyrightable, it must possess “at least some minimal degree of creativity.”²⁰⁰ This approach, *Dam Things II* suggested, is similar (or identical) to the one employed by the Second Circuit, which requires that, to satisfy the originality requirement, a derivative work must represent “a distinguishable variation that is more than merely trivial.”²⁰¹ On the other hand, the Seventh Circuit has long articulated a more demanding standard, requiring that a derivative work be “substantially different from the underlying work [in order] to be copyrightable.”²⁰²

The legislative history indicates that section 104A incorporates the definition of “derivative work” contained in section 101 of the 1976 Copyright Act.²⁰³ Section 101 defines a “derivative work” as

a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work.”²⁰⁴

In light of the above, must a “derivative work” possess something more than merely “non-trivial variations”? Must it also be transformative or adaptive in some sense, or create a new work for a different market?²⁰⁵

The legislative history of section 104A provides “a motion picture made from a novel” as an example of a “derivative work.”²⁰⁶ One court interpreting section 104A has observed that a “derivative work” would be created by incorporating historic film footage into a documentary or commercial.²⁰⁷ Neither proposition

y Videos Internacionales v. Harriscop of L.A., Inc., 302 F. Supp. 2d 1131, 1138 (C.D. Cal. 2004) (referring to defendant’s pan and scan versions of plaintiff’s works as “copies”); Cordon Holding B.V. v. Nw. Publ’g Corp., 2002 U.S. Dist. LEXIS 6111, at *18 (S.D.N.Y. 2002) (referring to plaintiff’s prints as “reproductions,” elsewhere concluding that, as a legal matter, they were “derivative works”).

199. Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 351 (1991).

200. *Dam Things II*, 290 F.3d at 564 (citations omitted).

201. Waldman Publ’g Corp. v. Landoll, Inc., 43 F.3d 775, 782 (2d Cir. 1994) (citing L. Batlin & Son, Inc. v. Snyder, 536 F.2d 486, 490 (2d Cir. 1976) (en banc)).

202. Gracen v. Bradford Exch., 698 F.2d 300, 305 (7th Cir. 1983).

203. See 140 CONG. REC. E2264 (daily ed. Oct. 8 1994) (remarks of Rep. Hughes).

204. 17 U.S.C. § 101.

205. See, e.g., Goldstein, *Derivative Rights*, supra note 197, at 217 (arguing that the dividing line between the right “to reproduce the copyrighted work in copies” and the right “to prepare derivative works based upon the copyrighted work” lies “at that point at which the contribution of independent expression to an existing work effectively creates a new work for a different market.”) (quotations omitted); *L. Batlin & Son*, 536 F.2d 486 (changing the medium in which a copyrighted work is displayed is not a sufficient change to give rise to a derivative work).

206. H.R. REP. NO. 105-25, at 12 (1997).

207. Luck’s Music Library, Inc. v. Ashcroft, 321 F. Supp. 2d 107, 110-11 (D.D.C. 2004) (noting

would strike anyone as controversial and, in fact, would each appear to be examples of transformative works for a different market. However, prior to the Third Circuit's *Dam Things II* decision in 2002, no court applying section 104A had yet been drawn into the analytical fray.²⁰⁸

Dam Things defendant Russ Berrie contended his troll dolls were derivative works.²⁰⁹ Will the district court on remand determine them to contain "at least some minimal degree of creativity"? Can they be said to be "transformative" based upon altered hair styles, posture, size, or attitudes?²¹⁰ Perhaps. Can it be convincingly argued they "create a new work for a different market?" Surely not. On remand, will Berrie be denied refuge under the safe harbor for existing derivative works? Or might the district court even determine, as the Third Circuit suggested might be possible, that some troll dolls are infringing derivative works while others are infringing reproductions?

that defendant Moviecraft "makes and sells copies of [films] for home use as well as derivative works such as documentaries, commercials, and compilations").

208. In *Películas y Videos Internacionales v. Harriscope of L.A., Inc.*, for instance, where defendant created "pan and scan" versions of plaintiff's films, the court offered no analysis of whether those works (which it referred to as "copies") were "derivative works" or substantially similar "reproductions" of plaintiff's restored works. 302 F. Supp. at 1131, 1138 (C.D. Cal. 2004). Because the parties' cross-motions for summary judgment were solely on the issue of whether an assignee may be deemed an "author" for purposes of section 104A, the court did not reach the issue of derivative works. Similarly, in *Toho Co. v. Priority Records*, the opinion included no discussion of whether an infringing rap recording was a derivative work of the works it sampled, although plainly it was. 2002 U.S. Dist. LEXIS 14093. The motion for summary judgment was solely on the issue of liability, and the scope of liability was not at issue. In *Cordon Holding v. Northwest Publishing Corp.*, defendant sought to characterize his works as derivative works subject to the section 104A(d)(3) safe harbor. 2002 U.S. Dist. LEXIS 6111, at *34 n.11 (S.D.N.Y. 2002). Because the sole issue was whether plaintiffs owned valid copyrights, the court provided no analysis of the issue. The court's "derivative works" analysis was limited to a discussion of plaintiffs' works: "Given the extensive process Escher used to create the Art Reproductions from the Original Drawings and Master Blocks, the Court has no difficulty finding that the Art Reproductions are derivative works." *Id.* at *18. While it appeared to look to the "transformative" nature of Escher's prints, the Southern District of New York court made no finding that the Art Reproductions (which the court referred to colloquially as "reproductions") represented "a distinguishable variation that is more than merely trivial," as required under Second Circuit law. *Id.*

209. *Dam Things II*, 290 F.3d at 561.

210. The district court initially found that Russ Berrie's modifications of *Dam Things*' trolls was insufficient to warrant copyright protection, and that "[s]imply because one troll's nose is larger or one's ears slightly more pointed, or that a troll's mouth is opened or closed, in this Court's view, does not make these designs sufficiently distinct so as to be afforded independent copyright protection." *Dam Things From Den. V. Russ Berrie & Co. (Dam Things I)*, 173 F. Supp. 277, 285-89, 289 n.12 (finding Berrie's dolls contained only trivial variations from Dam's original troll) (citing *Alfred Bell & Co v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951)). When plaintiff *Dam Things* applied for a U.S. copyright registration in 2000 for its 1961 troll version, it described it as an "adaptation of previously published boy doll." "Adaptations" are thought to be "derivative works" under the Copyright Act. See 17 U.S.C. § 101. However, the only difference between this troll and the original 1957/1958 restored work was the rounded ears of the girl troll as compared to the pointy ears of the boy troll. See *Dam Things II*, 290 F.3d at 557.

c. Limitations on the right to use restored works under the safe harbor for existing derivative works

Where a reliance party's work satisfies the requirements for the section 104A(d)(3) safe harbor for "existing derivative works," what further rights does that owner have going forward? Does the safe harbor entitle the reliance party to thereafter create further derivative works based upon the safe harbor work? The issue is an important one, with genuine commercial implications. Entire industries and substantial revenue streams are based upon repackaging content for new media and new markets.

Section 104A is ambiguous and does not clearly indicate that a reliance party will be subject to liability if the party creates (subsequent to December 8, 1994, in most cases) *further* derivative works based upon the restored work. While this appears to be the only plausible construction of the statute, the only court to squarely address the issue has reached the opposite conclusion.

d. The Hoepker v. Kruger decision

In *Hoepker v. Kruger*,²¹¹ defendant Barbara Kruger was a well-known artist specializing in collages incorporating photographs and text.²¹² In 1990, she created an art piece (the "Kruger Composite") incorporating a photograph by well-known German photographer, Thomas Hoepker. Kruger sold the Kruger Composite to the Museum of Contemporary Art L.A. ("MOCA") in April, 1990, which separately licensed reproduction rights from Kruger.²¹³

Ten years later, from 1999 to 2000, MOCA displayed the Kruger Composite in an exhibit devoted to Kruger.²¹⁴ Subsequently, the Kruger Exhibit traveled to the Whitney Museum (the "Whitney") in New York. In connection with these exhibits, a catalog of Kruger's work was produced; various merchandise was created incorporating the Kruger Composite; a five-story tall billboard reproducing the Kruger Composite was erected in Manhattan and a reproduction of the Kruger Composite was included in an online gallery of contemporary American Art. These works were created by MOCA, the Whitney, M.I.T. Press and others.

Hoepker brought a copyright infringement action against Kruger and her various successors, assignees and licensees. Although Hoepker's photograph had entered the public domain in the United States in 1988 for failure to renew the copyright, the court found the photograph satisfied the requirements for a restored work. The court, however, found that Kruger and the other named defendants were all reliance parties.²¹⁵

211. *Hoepker v. Kruger (Hoepker II)*, 200 F. Supp. 2d 340 (S.D.N.Y. 2002).

212. *Id.* at 342.

213. *Id.* Although the decision does not state when the separate license of reproduction rights occurred, presumably it was at or around the same time.

214. *Id.*

215. *See Hoepker v. Kruger (Hoepker I)*, 2001 U.S. Dist. LEXIS 13043, at *5 (S.D.N.Y. 2001) (finding that Kruger met the requirements for a reliance party under 17 U.S.C. § 104A(h)(4)(A)). As a result, she was entitled to ongoing use of the derivative work ("Kruger Composite") she had created

Moreover, the court concluded that Hoepker's cause of action against the other defendants was precluded under section 104A(d)(3), the safe harbor for derivative works. The court, noting that the term "exploitation" is nowhere defined in the Copyright Act, reasoned that the right granted to "exploit" existing derivative works (i.e., the Kruger Composite) under section 104A(d)(3) was arguably broad enough to allow those defendants-licensees to create further derivative works (e.g., a five-story-high billboard and various Kruger merchandise) based upon the existing derivative work.²¹⁶ In doing so, the court necessarily concluded that Kruger herself had the right to create further derivative works, since she could not license rights she did not own in the first place.²¹⁷

e. The section 104A(d)(3) safe harbor extends only to existing derivative works

Hoepker does not appear to be supported by either the language or the structure of section 104A.²¹⁸ The safe harbor plainly permits ongoing use of a "derivative work that is based upon a restored work" *only* where such works were created prior to the date the source country of the restored work became an eligible country (in most cases, December 8, 1994).²¹⁹ By its own terms, the safe harbor applies only to *existing* derivative works, not to *any* derivative works.²²⁰

Nor is the *Hoepker* decision supported by the structure of section 104A(d)(3). Under that provision, where parties cannot agree on terms, district courts are required to determine the "reasonable compensation" for a reliance party's ongoing use of the existing derivative work.²²¹ Case-by-case, fact-specific analysis assisted

prior to December 8, 1994 based upon plaintiff's restored work. *See also id.* at *6 (finding that "the other Defendants are reliance parties because each of them is a 'successor, assignee or licensee' of Kruger.").

216. *Hoepker II*, 200 F. Supp. 2d 340 at 347.

217. No licensee under section 104A(h)(4)(C) can succeed to greater rights than those possessed by the reliance party-licensor. *See, e.g.*, 140 CONG. REC. E2264 (daily ed. Oct. 8, 1994) (statement of Rep. Hughes) ("Such successors, assignees, or licensees, of course, acquire only the right to sell off copies or phonorecords for the duration of the period of the reliance party.").

218. In pursuing his restoration action against Kruger and the other defendants, Hoepker neglected to serve a NIE on them. As a consequence, he was not entitled to "seek redress" or sue the reliance party defendants for any alleged acts of infringement. *Hoepker I*, 2001 U.S. Dist. LEXIS 13043 at *6; *Hoepker II*, 200 F. Supp. 2d at 347. *See supra* Section II.C.1. Thus, the court's holding on section 104A may be dicta.

219. 17 U.S.C. § 104A(d)(3)(A). *See supra* note 103.

220. 17 U.S.C. § 104A(d)(3)(A)(ii). *See Karp Report, supra* note 26, at 204 ("The reliance party cannot make new derivative works based on the restored work after the date the source country of the restored work became an eligible country.").

221. 17 U.S.C. § 104A(d)(3)(B). The relative rights and remedies of restored copyright owners and reliance parties under the safe harbor are far from clear, however. For example, "Must the reliance party make an offer to negotiate compensation? Must it be made within the one-year period after publication or service of a Notice of Intent? Or when the copyright owner demands payment or sues for infringement? If the owner refuses to negotiate a fee, must the reliance party commence a declaratory judgment action to determine the fee? What happens if the negotiations are dragged out by the copyright owner or the reliance party? Can either of them institute a declaratory judgment action in a United States District Court to determine reasonable compensation? When reasonable compensation is determined in a District Court action, is the amount to be computed from the date of restoration of

by expert witness testimony would be necessary, because courts are instructed to take into account

any harm to the actual or potential market for or value of the restored work from the reliance party's continued exploitation of the work, as well as compensation for the relative contributions of expression of the author of the restored work and the reliance party to the derivative work.²²²

Under *Hoepker*, there being no upper limit on the allowable number of subsequent derivative works created, federal jurisdiction could be repeatedly invoked to determine "reasonable compensation" for ever-expanding uses. It is doubtful Congress would have intended to grant disputants a revolving door to federal courts in this manner.²²³

Finally, the same rationales apply, and subsequent derivative works should be treated the same under section 104A, as under sections 203 and 304(c).²²⁴ As discussed in Sections II.B.3.a.-b., under each of those provisions of the Copyright Act, the owner of a derivative work may continue to use that work post-termination, but is not entitled to create any further derivative works based upon the copyrighted work covered by a terminated grant.²²⁵

copyright? Or from the period commencing after the termination of the 12-month grace period following publication or service of the Notice of Intent? Or from the date the action commenced? Or from the date judgment was entered?" Karp Report, *supra* note 26, at 211. If the owner of a restored copyright wishes to impose unduly harsh terms upon a reliance party using an existing derivative work, may the owner use the threat of an injunction to achieve such ends? The SAA states merely that "[i]n considering whether an injunction should issue in respect of an infringement of a restored copyright, it is expected that a court would apply all of the traditional canons of equity. See *Campbell v. Acuff-Rose Music*, 114 S.Ct. 1164, 1171 n.10 (1994)." H.R. DOC. NO. 103-316, at 329. *But see* PATRY, COPYRIGHT AND THE GATT, *supra* note 26, at 51 ("Where the derivative work owner refuses to pay compensation, injunctive relief is available.").

222. 17 U.S.C. § 104A(d)(3)(B). See 140 CONG. REC. E 2264 (remarks of Rep. Hughes) ("There may be cases, as where a compilation of greatest hits of a singer is slapped together as a single sound recording sold inexpensively, that the sale of that compilation will cause harm well beyond the price of the compilation, such as for one or more full-priced phonorecords of the restored sound recording copyright owner. In such a case, the court has authority to set compensation that takes into account the harm to the full-priced phonorecords.").

223. On the other hand, the prohibitive costs and legal fees involved virtually assures that disputants would choose to resolve their differences through negotiation or mediation rather than through such a procedure. Thus, it may be argued that Congress never genuinely anticipated that parties would often resort to federal courts under this provision.

224. See *supra* note 139. Cf. 140 CONG. REC. H11459 (daily ed. Nov. 29, 1994) (remarks of Rep. Berman) ("We do not intend for the meaning of the term 'derivative work' to change from its current use, including as expressed with respect to the act's termination provisions, and as further elaborated in case law.").

225. Indeed, the same limitation applies to the exploitation of derivative works during a renewal term under the 1976 Copyright Act as amended. See 17 U.S.C. § 304(a)(4)(A) ("If an application to register a claim to the renewed and extended term of copyright in a work is not made within 1 year before the expiration of the original term of copyright in a work, or if the claim pursuant to such application is not registered, then a derivative work prepared under the authority of a grant of a transfer or license of the copyright that is made before the expiration of the original term of copyright may continue to be used under the terms of the grant during the renewed and extended term of copyright without infringing the copyright, except that such use *does not extend to the preparation during such*

D. REMEDIES OF COPYRIGHT OWNERS UNDER SECTION 104A

Section 104A provides that “[a]s against any party who is not a reliance party, the remedies provided in chapter 5 of this title shall be available on or after the date of restoration of a restored copyright with respect to an act of infringement of the restored copyright that is commenced on or after the date of restoration.”²²⁶ That is, subject to the normal 3-year statute of limitations for copyright actions,²²⁷ a restored copyright owner plaintiff is entitled to seek injunctions,²²⁸ damages,²²⁹ and other remedies²³⁰ available to plaintiffs generally under the Copyright Act.²³¹

Those same remedies are available against reliance parties “with respect to an act of infringement of the restored copyright, on or after the date of restoration,”²³² subject to four qualifications: (1) plaintiff’s prior compliance with the NIE procedure,²³³ (2) a reliance party’s rights to a twelve-month sell-off period,²³⁴ (3) a reliance party’s rights to exploit qualifying “existing derivative works” under the

renewed and extended term of other derivative works based upon the copyrighted work covered by such grant.”) (emphasis added).

226. 17 U.S.C. § 104A(d)(1). *See supra* note 61 (explaining that in most cases restoration will occur automatically on January 1, 1996).

227. 17 U.S.C. § 507(b).

228. 17 U.S.C. § 502.

229. 17 U.S.C. § 504.

230. Those remedies may include seeking attorney’s fees and statutory damages. *See, e.g.*, 17 U.S.C. § 509. Attorneys’ fees and statutory damages are potentially available where restored copyrights are registered prior to the commencement of the non-reliance party’s infringement (or within three-month grace period provided under 17 U.S.C. § 412(2)). *Cordon Holding C.B. v. Nw. Publ’g Corp.*, 2005 U.S. Dist. LEXIS 3860, at *22 (S.D.N.Y. 2005).

231. 17 U.S.C. § 104A(d)(1). *See* 140 CONG. REC. S. 15271 (Sept. 12, 1994) (remarks of Sen. Leahy) (remarking that section 104A “makes clear that section 412 of the Copyright Act applies to actions for infringements of restored works. The meaning of ‘commenced’ is intended to be governed by existing case law under section 412 without the addition of any new element or test.”). “Commencement” . . . encompasses the first act of infringement and all such acts that continue or reoccur thereafter.” *Cordon Holding*, 2005 U.S. Dist. LEXIS 3860, at *22. *See also* *Películas y Videos Internacionales v. Harriscópe of L.A., Inc.*, 302 F. Supp. 2d 1131, 1138 (C.D. Cal. 2004) (finding that section 104A plaintiff was entitled to seek attorneys’ fees and statutory damages for restored works first infringed by non-reliance party defendant post-restoration subsequent to plaintiff’s having obtained a copyright registration for the restored works).

232. The text of section 104A(d)(2) differs slightly from that of section 104A(d)(1) and does not limit remedies against reliance parties to infringements “commenced on or after the date of restoration” (although it appears to make remedies available to a restored copyright owner only on or after such date). Does the distinction recognize that a reliance party who alters the nature of his or her use of a restored work after December 8, 1994 (i.e., the date that “eligible country” status most often attaches) will no longer be insulated from liability under 17 U.S.C. §§ 104A(d)(3) or (h)(4)(A)? *See, e.g.*, NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[C][4][b] (asserting that “a party who, for example, after December 8, 1994, madly produces derivative works . . . in anticipation of copyright restoration will not benefit from the savings feature on behalf of exploiters of derivative works.”). Or does this provision mean that, regardless of when liability attaches, a restored copyright owner may only sue a reliance party for infringing conduct occurring on after the date of restoration? The statute and the legislative history are unclear.

233. *See supra* Section II.C.1.

234. *See supra* Sections II.C.3.a.-b.

section (d)(3) safe harbor²³⁵ and (4) the unavailability of attorneys' fees or statutory damages for a reliance party's infringements "commenced before the date of restoration."²³⁶

1. Section 104A cases discussing the availability of attorneys' fees

Very few courts applying section 104A have thus far reached the remedies phase. However, the section 104A attorneys' fees provision has been applied—and in one case where it appears that liability was not clearly established.

Defendants in *Alameda Films v. Authors Rights Restoration Corp., Inc.* (briefly discussed in Section II.A.2.), began distributing eighty-eight Mexican films owned by plaintiffs in the United States during the mid-1980s.²³⁷ They continued to distribute those films after January 1, 1996 (the date of automatic restoration under section 104A).²³⁸ In June 1998, plaintiffs filed suit.²³⁹ Plaintiffs conceded that a number of their films had fallen into the public domain in the U.S. due to failure to comply with United States formalities. But the jury found that U.S. copyrights in eighty-one of the eighty-eight films had been restored to plaintiffs under section 104, and that defendants had infringed all of them.²⁴⁰

The jury awarded plaintiffs copyright infringement damages of \$1,512,000 and attorneys' fees and costs of \$984,000.²⁴¹ The Fifth Circuit, remarking that the awarding of attorneys fees "is clearly appropriate here under 17 U.S.C. § 505," remanded "only as to the quantum."²⁴²

Alameda Films is problematic for awarding attorneys' fees while failing entirely to address whether or not the defendants were reliance parties.²⁴³ Because defendants began distributing plaintiffs' then-public domain films during the 1980s and apparently "continued to engage in" the identical conduct post-restoration, there is nothing in the court's opinion to suggest that defendants were not reliance parties under section 104A(h)(4)(A).²⁴⁴ If they were, defendants were not liable for copyright infringement and attorneys' fees were plainly inappropriate.

2. Immunity from warranty and related liability

Section 104A contains special provisions relieving transferors and transferees from certain obligations arising from agreements entered into prior to January 1,

235. See *supra* Sections II.C.3.-4.

236. 17 U.S.C. §§ 104A(d)(2)-(4).

237. *Alameda Films v. Authors Rights Restoration Corp., Inc.*, 331 F.3d 472, 475 (5th Cir. 2003).

238. See *supra* note 61.

239. *Alameda Films*, 331 F.3d at 475.

240. *Id.* at 476.

241. *Id.*

242. *Id.* at 485.

243. Sections 104A(d)(4) and 412 seem to provide that attorney's fees are not available for reliance parties' use of works prior to their restoration. 17 U.S.C. §§ 104A(d)(4), 412.

244. From a review of the docket sheet, it appears that the issue of whether or not the defendants were reliance parties was not briefed in the case.

1995, as they relate to restored copyrights. Section 104A(f) provides the following:

(1) In general.—Any person who warrants, promises, or guarantees that a work does not violate an exclusive right granted in section 106 shall not be liable for legal, equitable, arbitral, or administrative relief if the warranty, promise, or guarantee is breached by virtue of the restoration of copyright under this section, if such warranty, promise, or guarantee is made before January 1, 1995.

(2) Performances.—No person shall be required to perform any act if such performance is made infringing by virtue of the restoration of copyright under the provisions of this section, if the obligation to perform was undertaken before January 1, 1995.²⁴⁵

Ambiguities inherent in these provisions could lead to uncertain outcomes if questioned in a court of law.

Imagine a case in which a film studio obtained worldwide rights in 1990 to distribute a Fellini film that the licensor represented had previously fallen into the public domain in the United States. Imagine also that the copyright in that work was restored on January 1, 1996, and that the restored copyright owner properly filed or served a NIE on the studio. If the studio is unable to negotiate a satisfactory license from the author of the restored film within the twelve-month, sell-off period,²⁴⁶ it must cease distribution. If it paid a large advance in 1990, and remains un-recouped, may it seek recovery from the licensor?²⁴⁷

Imagine a somewhat different scenario in which a production company licensed exclusive worldwide rights in 1990 to a screenplay by Fellini that was in the public domain in the United States (assuming there was such a thing) and developed a motion picture based upon that work in 1992.²⁴⁸ In 1993 the production company entered into a distribution agreement containing customary representations and warranties with a film studio for the worldwide release of the film and received a large advance and anticipates no back-end under its "net profits" deal. In early 1994, the studio released the film.

Assume that Fellini has served the production company and the studio with NIEs demanding "reasonable compensation" under the section 104A(d)(3) safe harbor for existing derivative works. With its advance already invested in other projects, the production company has no incentive to compensate Fellini when it may just as easily elect not to perform under the agreement. Similarly, the studio

245. 17 U.S.C. § 104A(f).

246. See *supra* Section II.C.3.

247. See, e.g., Nimmer, *The End of Copyright*, *supra* note 24, at 1405 ("Does Y, now released from its representations and warranties, need to repay X the \$3 million for which [i.e., the rights to use restored works] they constituted consideration?"). For any hopes of recovery, counsel drafting the studio's complaint might be well advised to assert claims other than contract breach, such as, for example, unjust enrichment.

248. Note that immunities available under section 104A(f) are not limited to reliance parties. This scenario assumes, however, that the production company qualifies as a reliance party and is entitled to the ongoing use of a preexisting derivative motion picture (i.e., a work created prior to December 8, 1994) under the section 104A(d)(3) safe harbor.

may elect not to perform under its agreement with the producer since its use would be infringing, and paying “reasonable compensation” under the section 104A(d)(3) safe harbor was not part of its original bargain either. Can either Fellini or the studio proceed against the producer?²⁴⁹ Section 104A offers no certainty.²⁵⁰

Finally, according to the Statement of Administrative Action, section 104A generally extends immunity from liability to certain related parties. The SAA provides the following:

[w]hile sometimes not technically a ‘reliance party,’ immunity from liability on like grounds is intended to be available to related parties who might otherwise be liable under doctrines such as *respondeat superior*, contributory infringement or vicarious infringement, including, but not limited to, parent organizations, subsidiaries, officers, directors, shareholders, employees, agents and the like.²⁵¹

As with the rest of section 104A’s immunity provisions, no court has yet to address the immunity of related parties under section 104A in a reported decision.

III. CONCLUSION

Section 104A is a highly technical, opaque, ambiguous, internally inconsistent and often misinterpreted provision of the 1976 Copyright Act. “Restoration of copyright” alters our traditional notions of copyright protection and unsettles parties’ reasonable expectations. It requires courts and litigators to apply foreign law, with which many have little experience. Dealing by definition solely with works created prior to March 1, 1989, and always with works originating outside the United States, section 104A imposes strenuous discovery and evidentiary demands on courts and litigators. Procedurally, section 104A may arise either as part of a *prima facie* case, or as part of a defense, presenting vexing questions concerning burdens of proof.

Enacted as “fast track” legislation, the legislative history of section 104A is limited and sometimes self-contradictory. The scope and application of section 104A remains unpredictable and surely will be tested by case law.

249. See Nimmer, *The End of Copyright*, *supra* note 24, at 1405 n.125 (“Does Z, now released from its performance obligations, need to repay X the \$ 2 million for which [i.e., the rights to use restored works] they constituted consideration?”). In *Hoepker I* and *II*, defendant Barbara Kruger granted non-exclusive reproduction rights in the Kruger Composite to MOCA, apparently in 1990. See *Hoepker v. Kruger (Hoepker II)*, 200 F. Supp. 2d 340, 342 (S.D.N.Y. 2002). Long afterwards, the other named defendants created allegedly infringing works under licenses or assignments from Kruger apparently entered into well after January 1, 1995. See *Hoepker v. Kruger (Hoepker I)*, 2001 U.S. Dist. LEXIS 13043, at *6 (S.D.N.Y. 2001). Thus, Kruger would remain liable for claims arising from representations in those licenses, while she would be immune from similar claims arising from the 1990 MOCA license. *But see* NIMMER ON COPYRIGHT, *supra* note 26, at § 9A.04[D][1] (asserting that by virtue of the Supremacy Clause of the U.S. Constitution, section 104A’s immunity provisions should offer a complete defense to state causes of action.)

250. See Nimmer, *The End of Copyright*, *supra* note 24, at 1045 n.125 (“The Act does not address the issue; the House Report and Senate Report have nothing to say on the subject; the SAA is similarly mute; and all the floor statements that I have reviewed similarly ignore it.”).

251. See H.R. DOC. NO. 103-316, at 327 (1994).

Section 104A represents an important step towards harmonization of international copyright norms. Section 104A is additionally significant insofar as it requires courts to confront head-on an issue likely to become of increased importance as section 203 termination rights vest and are asserted over the next decade—namely, what distinguishes an infringing “derivative work” from an infringing “substantially similar reproduction”?

May a reliance party film studio permissibly create post-restoration a French-language version of an existing American film free from liability under the section 104A(d)(3) safe harbor? Studios would presumably assume so. Yet section 104A does not appear to permit it, since even a reliance party has no right to create *subsequent* derivative works under the safe harbor—and translations are plainly “derivative works” under section 101 of the Copyright Act. Producers and distributors may prefer avoiding the issue, preferring the uncertainty of derivative works analysis to provoking unfavorable precedent. But the significance of derivative works, whether arising under section 104A or under sections 203 and 304(c), remains undeniable.

Numerous unanswered questions raised by section 104A remain to be clarified by courts, Congress or the Copyright Office, including the following:

- What is the proper interpretation of the term “author or initial rightholder” under section 104A(b) and how are transferees to be treated under that provision?
- Are authors of restored copyrights and their successors entitled to termination rights under sections 203 and section 304(c) on equal footing with owners of U.S. works?
- Is reliance party status under section 104A(h)(4)(A) limited solely to instances where the party violated identical section 106 rights of the plaintiff with identical works before and after the date the source country became an eligible country? And is the “continues to engage in” limitation implicit in sections 104A(h)(4)(B) and 104A(h)(4)(C)?
- Does the twelve-month, sell-off period apply to reliance parties’ use of existing derivative works under section 104A(d)(3) as well as to substantially similar reproductions under section 104A(d)(2)(A)?
- Does the section 104A(d)(3) safe harbor limit reliance parties (and their successors, assignees and licensees) solely to the ongoing use of existing derivative works? Or does the “right to exploit” or other rights under the section 104A(d)(3) safe harbor permit these parties to create further derivative works?
- How far do the section 104A(f) immunities from warranty and liability extend and what rights to monetary damages or other relief do parties impacted by immunized transactions retain, if any?
- Assuming that a reliance party who commences in a new course of infringing conduct after December 8, 1994 may be held liable for copyright infringement, are a restored copyright owner’s remedies against that reliance party under section 104A(d)(2) nevertheless available only for infringing conduct occurring on or after the date of

restoration (i.e., in most cases, January 1, 1996)?

- Which party bears the burden of proof on the numerous issues relevant to section 104A analysis (e.g., ownership of valid copyright, divestive publication, publication with or without notice, whether an infringing work is a derivative work or a substantially similar reproduction and whether a work was first published outside the United States and not within the United States within thirty days)?

As globalized use of intellectual property (over the internet or otherwise) increases over the coming years, the United States stands to benefit greatly from enacting a transparent, Berne-compliant system for protecting foreign works under U.S. law, providing the same treatment the United States hopes it will receive from other countries in return. Although section 104A jurisprudence is still in its infancy, emerging case law suggests that a great deal more scholarship and attention may be needed in the area.