United States

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1. Copyright, database rights and design rights

1.1 Overview

Copyright is a form of protection provided under US laws to internet content that consists of original works of authorship – the originality requirement does not mean that work must be novel, merely that it must have been created by the author rather than copied from another. In addition, the work must be 'fixed in a tangible medium'; as discussed below, electronic media, including the Internet, meet this requirement. Although copyright does not protect facts, ideas, systems or methods of operation, it may in certain instances protect the way these things are expressed.

US copyright laws are codified at Title 17 of the United States Code (USC). For works created in the United States after January 1 1978, copyright protection is automatic upon creation of the work and expires 70 years after the death of the author or, for work of corporate authorship or a work whose author is not known, the earlier of 95 years from publication or 120 years from creation (17 USC § 301). Registration is not a prerequisite to copyright protection, but is generally a prerequisite to bringing suit on the copyright. Determining when copyright protection expires for works created prior to 1978 requires consideration of the copyright law in effect at the dates of creation and publication of the work, including any requirements then in force that a copyright notice be affixed or that the work be registered. US copyright protection for works first published outside the United States is governed by international treaties.

(a) Literary works and artistic works

Literary and certain artistic works are protected under US copyright laws (17 USC § 102). In a landmark decision, *Apple Computer, Inc v Franklin Computer Corp*,[1] the Court of Appeals for the Third Circuit held that "a computer program, whether in object code or source code, is a 'literary work' and is protected from unauthorized copying, whether from its object or source code version".[2] The term 'computer program' is

1 714 F 2d 1240 (3d Cir 1983).
2 714 F 2d at 1249.

defined in 17 USC § 101 as "a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result".

(b) Films, sound recordings and broadcasts

Films, sound recordings and broadcasts are protected under US copyright laws (17 USC § 102).

(c) Typographical arrangement of a published edition

US laws do not specifically afford protection for 'the typographical agreement of a published edition', but do provide protection for compilations (discussed at section 1.1(g) below).

(d) Protection of the user interface

If an audiovisual display is copyrighted separately as an audiovisual work and apart from the computer program that generates it, the display may be protectable regardless of the underlying program's copyright status.[3] Nonetheless, copyright protection does not extend to any idea, procedure, process, system, method of operation, concept, principle or discovery with respect to software or websites, regardless of the form in which it is described, explained, illustrated, or embodied (17 USC § 102). For this reason, in *Lotus Development Corp v Borland Int'l, Inc*,[4] the court found Lotus's menu command hierarchy was an unprotectable method of operation given that the Lotus menu command hierarchy provided the means for users to control and operate Lotus 1-2-3.

(e) Computer-generated works

US copyright statutes are silent with respect to whether computer-generated works are protected works, and there appears to be very little case law on the topic. One court has noted in *dicta* that "copyright laws, of course, do not expressly require 'human' authorship".[5] Given the lack of guidance from courts, secondary literature remains divided on whether computer-generated works are protected.[6]

(f) Websites protected as databases

Databases may be protected by copyright as compilations (discussed below).

(g) Compilations

17 USC § 101 defines a 'compilation' as "a work formed by the collection and assembling of pre-existing materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship". The US Supreme Court has rejected the 'sweat of the brow'

3 See *Computer Assocs Int'l, Inc v Altai, Inc*, 982 F.2d 693 (2d Cir 1992).
4 49 F.3d 807 (1st Cir 1995).
5 *Urantia Foundation v Maaherra*, 114 F.3d 955, 958 (9th Cir 1997) (finding that copyright protection applied to a dispute between parties who believed the copyrighted work was authored by 'celestial beings' but transcribed, compiled and collected by human authors).
6 See Melville B Nimmer and David Nimmer, *Nimmer on Copyright* (§ 5.01[A] (2011).

doctrine and has ruled on compilations as follows:

> *Factual compilations ... may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws.*[7]

A copyright in a compilation extends only to the material contributed by the author of the compilation. Including pre-existing material created by others does not give the author of the compilation any exclusive right to the pre-existing material, which may be used by others in accordance with whatever copyright protection applies to that pre-existing material.

1.2 Infringing acts

(a) Copying

Temporary copies: Some courts have held that infringement can occur when a temporary copy is made in a computer's random access memory (RAM) ("The law also supports the conclusion that [defendant's] loading of copyrighted software into RAM creates a 'copy' of that software in violation of the Copyright Act.")[8] However, the inquiry is fact-specific, and other courts, relying on the Copyright Act's statement that, for a copy to be 'fixed' and therefore for copying to occur, the work must be held in some medium 'for a period more than a transitory duration', have found that brief copying incident to use of computer technology is not an infringement ("Given that the data reside in no buffer for more than 1.2 seconds before being automatically overwritten, ... we believe that the copyrighted works here are not 'embodied' ... for a period of more than transitory duration, and are therefore not 'fixed' ... .")[9] The Second Circuit noted that the parties in *MAI* appear not to have disputed that the Copyright Act's duration requirement was met under the factual circumstances of that case, in which the copyrighted software program, once initiated, remained in the computer's RAM until the computer was turned off.[10]

In any medium: An unauthorised reproduction of a copyrighted work in another medium still constitutes copyright infringement.[11]

(b) Issuing copies to the public

Distribution of copies of copyrighted works to the public constitutes copyright infringement.[12]

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7 *Feist Publ'ns, Inc v Rural Tel Serv Co, Inc* (499 US 340, 348 (1991).
8 *MAI Sys Corp v Peak Computer, Inc*, 991 F 2d 511, 518 (9th Cir 1993).
9 *Cartoon Network LP, LLP v CSC Holdings, Inc*, 536 F 3d 121, 131 (2d Cir 2008).
10 *Ibid* at 128 to 131.
11 See *Rogers v Koons*, 960 F 2d 301 (2d Cir 1992).
12 See 17 USC § 106; 17 USC § 501(a).

(c) Communicating work to the public

Display of copyrighted works to the public constitutes copyright infringement.[13]

(d) Performing, showing or playing work in public

Public display and performance of copyrighted works constitutes copyright infringement.[14]

(e) Renting or lending the work to the public

Distribution of copyrighted works by rental, lease or lending constitutes copyright infringement.[15]

(f) Authorising another person to do any of the above

The United States recognises secondary infringement (discussed below).

(g) Secondary infringement

One who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.[16]

1.3 Test for copyright infringement

(a) Requirement of substantial reproduction

Substantial similarity is a required element of actionable copyright infringement. US courts have employed different tests to determine whether there is substantial similarity between works. A common test for determining substantial similarity is the 'ordinary observer' test, which relates to whether the average lay observer would overlook any dissimilarities between the works and would conclude that one was copied from the other.[17] However, other tests are applied by courts, including the 'total concept and feel' test.[18]

(b) Repeated copying of insubstantial part

Although 'repeated copying of an insubstantial part' is not an established infringement test in the United States, courts have found infringement where a party copies segments of a work.[19]

13 See 17 USC § 106; 17 USC § 501(a).
14 See 17 USC § 106; 17 USC § 501(a).
15 See 17 USC § 106; 17 USC § 501(a).
16 See *Metro-Goldwyn-Mayer Studios Inc v Grokster, Ltd*, 545 US 913 (2005) (holding that the distributors of popular peer-to-peer 'file sharing' software could be secondarily liable for copyright infringement committed by their users if the companies took active steps to induce infringement).
17 See *Nihon Keizai Shimbun, Inc v Comline Bus Data, Inc*, 166 F 3d 65 (2d Cir 1999).
18 See *Boisson v Banian, Ltd*, 273 F 3d 262 (2d Cir 2001).
19 See *Iowa State University Research Foundation, Inc v American*, 463 F Supp 902 (SDNY 1978) (finding infringement for network's broadcast of "a seven or twelve second segment ... and a two-and-a-half minute segment [of a film]").

1.4 Exemptions/defences to copyright infringement

(a) Format shifting

Although the US Copyright Act does not have an explicit 'format-shifting' exception, courts have expressed approval of it as a type of fair use. For instance, in a case involving the Rio media player, the Court of Appeals for the Ninth Circuit stated that the "Rio merely makes copies in order to render portable, or 'space-shift,' those files that already reside on a user's hard drive ... . Such copying is paradigmatic non-commercial personal use entirely consistent with the purposes of the Act".[20]

(b) Personal copying rights

In 1992, Congress enacted the Audio Home Recording Act, which places a levy on those who "import into and distribute, or manufacture and distribute, any digital audio recording device or digital audio recording medium", and bars copyright holders from pursuing infringement actions against such manufacturers, importers or distributors or against a consumer who uses such a device to make digital or analogue musical recordings for non-commercial purposes.[21] The levy (or royalty) is 2% of the transfer price of recording devices and 3% of the transfer price of recording media.[22] Such royalties have much more limited application in the internet context, as the statute does not extend to electronic data copying.[23]

(c) Time shifting

Time shifting is a recognised exception to copyright infringement.[24]

(d) Fair use

The fair use of copyrighted work for purposes such as criticism, comment, news reporting, teaching, scholarship or research is permissible.[25] Factors to be considered to determine fair use include:

- the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- the nature of the copyrighted work;

20 *Recording Industry Ass'n of Am v Diamond Multimedia Sys, Inc*, 180 F 3d 1072 (9th Cir 1999); see also Christopher T Wheatley, "Overreaching Technological Means for Protection of Copyright: Identifying the Limits of Copyright in Works in Digital Form in the United States and the United Kingdom", 7 *Wash U Global Studies L Rev* 353 (2008) ("Under the United Kingdom's copyright law, there is no format shifting exception to the exclusive rights of the copyright owner. In the United States, however, such activities constitute fair use").

21 17 USC §§ 1003(a), 1008.

22 17 USC § 1004.

23 See *Recording Industry Ass'n of Am v Diamond Multimedia Sys, Inc*, 180 F 3d 1072 (9th Cir 1999) (finding that a portable music player was not subject to the levy because "a hard drive is excluded from the definition of digital music recordings under AHRA [and the portable music player] d[id] not record 'directly' from 'digital music recordings,' and therefore could not be a digital audio recording device unless it makes copies 'from transmissions'").

24 See *Sony Corp of America v Universal City Studios, Inc*, 464 US 417 (1984) (finding time shifting of free broadcast programming by private individuals in their homes to be fair use).

25 See 17 USC § 107.

26 See *ibid*.

- the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- the effect of the use upon the potential market for or value of the copyrighted work.[26]

The Court of Appeals for the Ninth Circuit recently ruled on fair use in the internet context in *Perfect 10, Inc v Amazon.com, Inc*,[27] which involved a lawsuit against Google and Amazon.com by an adult magazine whose images were widely available without authorisation. The plaintiff argued that the defendants' visual search engines made unauthorised thumbnail reproductions of infringing copies of their works that were displayed with search results. The court rejected the plaintiff's arguments and concluded, among other things, that "the significantly transformative nature of Google's search engine, particularly in light of its public benefit, outweighs Google's superseding and commercial uses of the thumbnails in this case".[28]

(e) Caching/temporary copies as part of communication process

Caching can be considered fair use. In *Field v Google, Inc*,[29] the court noted that caching websites is "socially important", and held that to the extent that Google itself copied or distributed the plaintiff's copyrighted works by allowing access to them through 'cached' links, Google engaged in fair use of those copyrighted works.

(f) Hosting

See discussion in sections 1.6(a) and 1.7 below.

(g) Back-up copies

The owner of a copy of a computer program may make another copy of that computer program if the new copy created is an essential step in the utilisation of the computer program in conjunction with a machine and is used in no other manner, or if the new copy is for archival purposes only.[30]

(h) Reverse engineering

A person who has lawfully obtained the right to use a copy of a computer program may reverse engineer to identify and analyse the program's elements.[31]

(i) Parody defence

Parody is a defence to copyright infringement. For purposes of determining whether parody of copyrighted work is 'fair use', the inquiry focuses on whether the work merely supersedes the object of original creation or whether and to what extent it is 'transformative' and alters the original work with new expression, meaning or message.[32]

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27 508 F 3d 1146 (9th Cir 2007).
28 *Ibid* at 1166.
29 412 F Supp 2d 1106 (D Nev 2006).
30 See 17 USC § 117.
31 See 17 USC § 1201(f).
32 See *Campbell v Acuff-Rose Music, Inc*, 510 US 569 (1994).

(j) ***Incidental inclusion***

Courts have dismissed claims of copyright infringement where the use of copyrighted material is incidental.[33]

1.5 Remedies available for copyright infringement

A wide range of remedies are available for copyright infringement, including temporary and permanent injunctive relief, impound and disposition of infringing articles, recovery of the copyright owner's actual losses and any additional profits of the infringer, and recovery of litigation costs and attorneys' fees.

1.6 Copyright liability

(a) ***Hosting cloud computing where infringing content uploaded by user of service***

Service providers are not held liable for material stored on their website or system at the direction of users if they have no actual knowledge of infringement or awareness "of facts or circumstances from which the infringing activity is apparent", and, if they have the right or ability to control the infringing activity, do not receive a direct financial benefit from it, so long as they maintain designated agents to receive notifications of copyright infringement and act expeditiously to remove or disable access to infringing material upon receiving such notifications.[34]

(b) ***Hypertext linking***

To third-party website: Service providers are not held liable for copyright infringement for "referring or linking users to an online location containing infringing material or infringing activity, by using information location tools, including a directory, index, reference, pointer, or hypertext link", if they have no actual knowledge of infringement or awareness "of facts or circumstances from which the infringing activity is apparent", and, if they have the right or ability to control the infringing activity, do not receive a direct financial benefit from it, so long as they maintain designated agents to receive notifications of copyright infringement and act expeditiously to remove or disable access to infringing references or links upon receiving such notifications.[35]

To an infringing work: Service providers are not held liable for copyright infringement for "referring or linking users to an online location containing infringing material or infringing activity, by using information location tools, including a directory, index, reference, pointer or hypertext link", if they have no actual knowledge of infringement or awareness "of facts or circumstances from

33 See *Italian Book v American Broad Cos*, 458 F Supp 65, 68 (SDNY 1978) ("The filming and recording of the song as part of the television news report was wholly fortuitous, entirely uncomplicated by any prior intent on ABC's part to film that particular song. The resulting news broadcast in no manner constituted a subterfuge or cover for private or commercial exploitation. Use of the song was incidental to the overall, informative purpose of the newscast").

34 See 17 USC § 512(c).

35 17 USC § 512(d).