University of Dayton Law Review

Volume 17
Number 3 *Copyright Symposium, Part II*

Article 6

4-1-1992

Presentation by Steven J. Metalitz, Esq.

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MR. METALITZ: Thank you. I think Marybeth [Peters] has given us a very good summary and survey of at least one of the functions of the Copyright Office in this area. As she mentioned, there are a lot of functions that are performed by the Copyright Office in our system; recordkeeping, establishing records of transfers of copyright, and acquisition of materials for the Library of Congress. Some of these areas invite controversy in the information industry as well. I am going to focus on the gatekeeper function that she described in detail.

If the Copyright Office does not entirely bar the courthouse door to some asserted work that the office refuses to register, it certainly closes that door most of the way, and one must to have a pretty big crowbar to open it up again. Also, behaviorally, it is a gatekeeper in the sense that it is a predictor of how the courts are going to react to claims of copyright in certain kinds of work. It is not a one-hundred percent accurate predictor, but it is highly accurate.

I am going to touch on three different points. One is how this gatekeeper function is changing in the post-*Feist* environment, not just because of *Feist* but because of other trends that are related to the database issue. Second, I want to talk a little bit about whether this function is really necessary, and what other ways there might be to achieve the goals of copyright protection without this kind of gatekeeping function. My third point really is not directly related to Marybeth's presentation, but it gives a few reactions from an industry perspective on *Feist* and on the question of legislation to react to the *Feist* decision.

Turning first to the changing function of this gatekeeper role, what we are seeing here, certainly in the case of many automated databases, but also in other kinds of work as well, is something that is very different from the kind of work that came in through the door of the Copyright Office in the early days of the twentieth century. When the typewriters were there, the human typewriters, they were simply making a record of what came in through the door. We are seeing a lot more works, and databases are one but by no means the only example, where it is very difficult to extricate the copyrightable and noncopyrightable elements of the work, all of which are wrapped up in one package. As someone mentioned yesterday, it takes at least a modicum of creativity to sort out what is original and what is not in these works. It often requires a great deal of sweat of the brow on the part both of the examiners and certainly on the part of the applicants, who are faced with

questions from the Copyright Office that they might not have been faced with a few years ago.

Quite properly, what the Copyright Office does, of course, is to shift the burden to the applicant, through this correspondence procedure, to demonstrate or to claim what are the copyrightable elements, where is the original authorship, whether it is selection or arrangement authorship, and, if it is coordination authorship, I guess it is up to the applicant to say so. And I think when you look at the letter that is reproduced in Marybeth Peter's material, you will see that this can be the initiation of a rather detailed process that requires the applicant, in effect, to claim certain elements as copyrightable and disclaim other elements as noncopyrightable. This is again not limited to the database sphere. Certainly with other types of claims on some software and the whole controversy over the digitized typeface and so forth, there is the same process of claiming and disclaiming, and specifying what is copyrightable and what is not copyrightable. Again, by contrast, with works of older types of technology, it is more likely to be an all or nothing proposition.

The degree of specificity in these claims and disclaimers is going to have some consequences in litigation, and I am not sure we know yet what those consequences will be. Part of it turns, as Marybeth [Peters] indicated, on the degree of deference that the courts give to the determinations of copyrightability or copyrightable subject matter and authorship made by the Copyright Office. There are also some interesting questions, I suppose, about whether a claimant who has gone through this correspondence procedure and obtained a certificate based on certain claims and implied disclaimers is going to be estopped from making different claims in the litigation. For example, where the Copyright Office found authorship based on the arrangement of the material, they are going to proceed on the claim of copyrightable authorship in selection of the material and the claim that the defendant's work infringed that selection authorship. It is not clear whether this process really serves the function of narrowing the issues and making it easier for the courts to decide copyrightability. It may, by contrast, unnecessarily constrict their examination of the controversies and make it more difficult for them to render an independent determination of copyrightability.

There was some mention yesterday of the fact that, in effect, what is happening in these cases is a burden shifting problem; where the defendant finds it easier to shift the burden back to the plaintiff to show what is the copyrightable authorship. I guess another way to put it is that the prima facie effect of the certificate of registration is weaker in these cases. It is still a prima facie effect and, I suppose, if

the defendant says nothing, then the court is very likely to go along with the Copyright Office if it has registered the work. Perhaps there is less of a burden of production on the defendant to come forth with something that bursts that bubble of prima facie effect and throws it back on the table for the court to decide.

One troubling aspect, or at least questionable aspect, of this whole process is whether, in fact, the copyright registration process in the area of these works of new technology, and particularly databases, is moving more toward a patent-like procedure, an examination procedure rather than simply a registration procedure. Certainly what goes on in the Copyright Office now is not examination procedure in the patent sense, but, by this process of detailed correspondence, identifying and isolating claims, and impliedly or explicitly disclaiming or denying certain types of assertions of copyrightable authorship, we may be coming to a more patent-like system. Already at least one court has made the mistake of confusing the Copyright Office with the patent office. The decision in the *Ashton-Tate* case in California, which was soon thereafter rescinded. The court invalidated a copyright altogether because of the alleged failure of the applicant in the registration process to disclose the derivative work or the works of which assertedly his work was a derivative. It is probably easier to say that he failed to adequately disclose the prior art and use that kind of patent terminology. At this point that *Ashton-Tate* decision, which was withdrawn, is kind of a sport on the landscape, but perhaps it is a harbinger of things to come.

As I said, the Copyright Office really does not perform an examination process and certainly Congress did not think that the Copyright Office was performing an examination process when it decided to retain the gatekeeping function of registration for domestic works at the time of the 1988 Berne Convention implementation legislation. The copyright examiners in this situation are a corps of very dedicated people. They are also people that have to process an enormous volume of material and do their best to determine copyrightability or authorship. So, naturally in an environment like that you are looking for bright lines, you are looking for hard and fast rules, you are looking for that degree of certainty; but you also run the risk of prematurely setting some of the standards, particularly in an area such as the database copyright area which has been put into flux by the *Feist* decision. You have the danger of erecting shibboleths and just finding litmus tests that will enable you to put the work in one basket or another, which may not totally reflect the complexity of the issues that a court will later have to decide.

I should say this search for bright lines is not by any means limited to the Copyright Office, and in fact, is probably a worse danger in

the information industry itself in terms of business planning. No one is less tolerant of uncertainty than a business person who has to make an investment decision and wants to know, with as much certainty as possible, what legal protection will be available. I am worried that decisions like the *Key Publications* case in the Second Circuit, because they are so specific and go into a specific factual situation, will be viewed in the industry as a cookbook for noninfringing competition. You take one-sixth of your competitor's listings, add a dash of your own, scramble until ready, and let it set, and you are okay and there is no infringement there. Maybe that is right. But it strikes me as the same kind of enterprise as trying to figure out what the bright line rule is—how many words you can take from somebody else's work before it transgresses the bounds of fair use and becomes an infringement. That is another quantitative measure that people are always looking for and a lot of myths have grown up around that about how many words can be taken. There is a holy grail that is being searched for in both cases.

But let me just give you an example of the kinds of standards that the Copyright Office is applying that need a little further examination, especially considering the gatekeeper function that the office is playing. As Marybeth Peters explained, the Copyright Office finds that if there is an exhaustive compilation, there is no selection authorship. I wonder exactly where that comes from. I would submit that it does not at least solely come from *Feist* and I imagine it predates *Feist* in terms of the Copyright Office practice. I think it is important to remember that in *Feist* the finding of no selection authorship was not predicated alone on the exhaustiveness of the compilation. At least in part, it was a question of who defined the boundaries of the universe within which an exhaustive listing had been made. The Rural Telephone Company could not claim itself to be the author of that selection criterion because two other entities were clearly the authors. First, the State of Kansas which told Rural Telephone Service where, within what geographic boundaries, it would provide telephone service. Second, the subscribers who decided whether or not to subscribe to telephone service, and whether or not to request an unlisted number. The universe there was defined not by Rural, but by somebody else so Rural could not claim to be the author of it. The fact that it was an exhaustive listing of those subscribers who met those criteria, that were living within a geographic area and choosing to have a telephone and not asking for an unlisted number, the exhaustiveness alone was not fatal to the claim.

This is a problem, of course, because there is a difference, I suppose, between selection and selectivity. There can be, I would assert, some creativity involved in defining the scope of the universe within which an exhaustive compilation could be made. Certainly from an ec-

onomic point of view those are extremely important compilations. From the point of view of the social goals of copyright, it is important to encourage and give incentives for the production of exhaustive compilations. Problems come in because something can be exhaustive within subjective criteria, which I think everyone would generally agree, amount to copyrightable authorship. You know, the hundred best restaurants in Phoenix is an exhaustive list of the one hundred restaurants that I believe are the best ones in Phoenix. But sometimes the seemingly objective criteria also can have a subjective element. If I were to, for some unknown reason, make a list of the one hundred most expensive restaurants in Phoenix, there is an objective criterion in there, but there is also subjectivity in how it is applied. Do I just look at the entrees or am I looking at the price of the total meal, with or without wine? It is not always as easy as it may appear on the surface to say that this is an exhaustive list and therefore there is no copyrightable selection.

The remaining question here on how the gatekeeping function is changing is, of course, how the courts are going to react to it, whether they are going to rely more heavily on the Copyright Office to make these initial determinations in field of databases and compilations, or whether, perhaps, in the period of flux there will be less deference given and each court will want to put its own spin on what the Supreme Court meant in *Feist*. As Jack McDonald said yesterday, the Court ducked a lot of the hard questions in *Feist*. I think many judges will be interested in putting their own stamp on that. Of course, that is a question of infringement rather than copyrightability per se, but as you can see, even within the *Feist* decision, it is not always easy to separate those two aspects.

From the policy point of view the question is: Are we better off having these kinds of issues decided independently in an adversary proceeding where the issues can be sharpened and the facts can be laid out? In the *Key Publications* case, you know that it was 9,000 listings in the first directory, 1500 in the second, and you can have a factual record on how the selection was made, how the arrangement was made and so forth. Or are we better off having this gatekeeper function playing a very prominent role in determining the outcome when the case comes to court, a gatekeeping function that is carried out not in an adversary setting, but through this kind of correspondence procedure and the best efforts of the Copyright Office examiners?

That leads us to the question of whether this function is really needed. I do not intend to rehash the arguments that came up in the late '80s when the United States was preparing to join the Berne Convention over whether and to what degree this gatekeeping function is

compatible with Berne. I am a little tempted to do so in light of the fact that at least one court, the *CNN* court in the Eleventh Circuit, reads that legislative history one hundred eighty degrees around. That is one of several troubling fallacies in that case but one that probably deserves a little discussion at some point.

But I would rather ask: Could we have a system that worked to achieve the goals that we want to achieve without having this gatekeeper function? Would that be a preferable system? I would mention three areas in which we may have a little bit of a test case for finding out whether that is a more desirable system or not.

The first one is, as Marybeth Peters pointed out, Berne Convention works. Works of Berne Convention origin are not required to be registered since the 1988 revision. And that is an interesting option, at least in theory, when you think about the fairly large, and I suspect growing, proportion of commercially significant databases that are compiled by companies of European parentage or of Canadian parentage. I do not think that includes any of my industry colleagues here, but the fact is that a lot of the non-American publishers are quite active in certain fields and could, I suppose, get that courthouse door open without registration, although they would lose some of the other benefits that registration brings, such as statutory damages and so forth. If registration is perceived as too onerous a process, if the gatekeeping function is performed in an unsatisfactory manner, there could be a temptation to attribute authorship (and these are nearly all work-for-hire situations, so it would be possible) to a foreign company that has a Berne Convention nationality. So, that may be more of a theoretical than a practical option, but it would give us some sense of how this system worked without the gatekeeper function.

The second area: What if misappropriation legislation is enacted? Obviously that can come in a lot of different flavors, but it could well be that no registration process would be required. Yet we would still have the same problem, under preemption, of distinguishing the copyrightable elements from noncopyrightable elements, because, at least under current preemption standards, you could only protect the noncopyrightable elements through a misappropriation analysis. Obviously, the preemption standards could be changed, but then I suppose you might have some election of remedy situation where perhaps certain kinds of acts might infringe copyright and might also violate the misappropriation standard. And I suppose the plaintiffs then, in trying to decide which way to proceed, would have to take into account the fact that in order to obtain the copyright remedies, you would have to go through this registration process, but that you could obtain the misappropriation remedies without doing so. Obviously that is going to

turn on what those particular remedies are, but perhaps the requirement or the lack of requirement of registration will figure in there as well.

The third area in which we might see how this system works without a gatekeeper depends on the European developments, and I think those are very interesting. While there is no legislation that has actually been proposed in Congress in the United States and quite frankly I do not see any on the immediate horizon, the European Commission is going to unveil its draft directive on protection of databases sometime within the next few months. Their deadline is at the end of this year and whether they make that or not, it will not be too long before a draft directive appears. Although there is very strong support throughout Europe for a copyright approach, and that support was unanimously reflected at a hearing that the Commission held last year, there is also reason to think that the directive may not come out as simply a copyright directive.

In Europe, unlike the United States, the hard question, is not the scope of protection, it is the availability of protection because of the problem of the different originality standard that applies under the copyright laws of different European states. A high originality standard, particularly as reflected in the German law, may mean that, unlike the United States, where the vast majority, to use Justice O'Connor's words, of compilations are going to have copyright protection, and I think that is an accurate prediction, in Europe a somewhat smaller proportion, less than a vast majority (it remains to be seen how much less) will fall below that originality standard and will not get copyright protection. So, there is some possibility that the European approach will be a multi-tiered approach. There will be copyright protection for compilations that exhibit originality. There will be some cumulative kind of unfair competition, or misappropriation or anti-parasitism protection for copying by competitors of compilations whether or not they enjoy copyright protection. Then there would also be, as Paul Sheils touched on, the contractual level of protection, either wide open or potentially with some limitations in the European setting. But because the preemption issue does not exist in Europe, at least in the same way it does here, and also incidentally the First Amendment limitations do not exist in Europe in the same way they would here although there could potentially be some freedom of expression limitations, there could be cumulative protection and again it is an election of remedies situation to see which one works the best.

Under the European system, it could be that none of these tiers require registration, but it could be that one of them does. Copyright probably will not, given the European adherence to the Berne Conven-

tion and their interpretation of the formalities issue. But there may be others, such as misappropriation, that do require some kind of gatekeeper function in order to be effective. So that may be another area in which we can look at a demonstration project of how the system works with and without this kind of screening.

I would like to conclude with a word on the industry reaction to the *Feist* decision and the question of legislation. As many of you know, this is not an issue on which the industry has had a monolithic reaction, either before the *Feist* decision or since the *Feist* decision. In the Information Industry Association, we had active and very vigorous advocacy on both sides of the issue as far as how the Information Industry Association should participate in the case. With our customary boldness, we came down squarely in the middle. We figured that way we can minimize our downside risk. Hopefully we contributed something to the debate. But whether it is termed, as some of our participants have termed it, a question of overprotection versus underprotection, or whether from a business standpoint it is viewed as a threat or a competitive opportunity, I think it is a common recognition that this is a two-sided coin. Companies are not only looking at how best to protect their proprietary assets in the post-*Feist* environment, but also at what opportunities are opened to them by the decision. If they have access to the facts and can compile them in a way that shows original authorship in selection or coordination or arrangement, then they have a competitive and protectible product on the market.

To me it is not inevitable that there is going to be a proposal for a federal anti-misappropriation statute, although that certainly could happen. In the seven and a half months since *Feist* was decided, no bill has been introduced, no hearings have been scheduled, and I think the congressional committees would probably say this issue does not loom at all large on their radar screens at this point. The reaction of the industry I think could be contrasted to the reaction to other decisions. For example, it was very shortly after the *Salinger* and *L. Ron Hubbard* decisions that the publishing community decided that legislation was needed to clarify the fair use status of unpublished works. The fact that that effort has proved much tougher sledding than may have originally been anticipated may be a lesson that the industry would do well to heed.

I think there are a few reasons why the industry reaction has been moderate. First, there is a perception that the *Feist* decision itself involved a very atypical kind of compilation, and there is some comfort taken from the statement that very few compilations would be cast out into the outer darkness of the public domain and open to simple photocopying. Secondly, of course, is the availability of other remedies, such

as contractual protection, in many, although not all, instances. Third, there has continued to be a reliance upon licensing to obtain information for a database, even in the case of the white pages telephone directories where you can go out and copy them now. Within weeks after the decision, information crossed my desk about a new CD-ROM product that consisted of scanning white pages onto CD-ROM. That product has proven successful and fills a market need. But at the same time the licensing agreement, even for telephone directories, is essential if you want the best possible product. If you want the most up-to-date listings, you do not want to wait until the directory comes out, you want to license the tapes of updates immediately, and for a variety of other reasons, while you may be able to make a non-infringing product without a licensing agreement, you are, in most cases, going to make a better product with a licensing agreement.

Finally I think there is an acute sense of the uncertainties and the vagaries of the legislative process. It is a truism that in the copyright field, as in so many other fields, it is virtually impossible to enact legislation without a consensus. Congress is finding it increasingly difficult to make tough decisions that may disadvantage or may injure a significant segment, even if a majority feels that they may reflect the best public policy. At least you would want to see a consensus within the industry and that consensus does not exist yet. Again, the lesson of the fair use legislation, even the legislation on digital audio taping, indicates that without that kind of very broad consensus, the chances of legislation are slim. Even with that broad consensus within the industry, it is very difficult in today's environment to enact legislation over the concerted and coherent opposition of other participants, particularly users, such as librarians, consumer groups, or other users, who have a stake in the process.

It is not just a question of finding the right bill and drafting it correctly and dropping it in the hopper. It is a question of building consensus. That would be a slow process, a very long process, and a very difficult process. During the months and years ahead industry will be watching to see whether a consensus emerges about whether that process needs to be undertaken. Thank you.