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World Intellectual Property Organization Copyright Treaty: An Overview

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ABSTRACT

The President has requested the advice and consent of the Senate to a new World Intellectual Property Organization ("WIPO") Copyright Treaty. S. 2037 and H.R. 2281, as passed by the Senate and House of Representatives, respectively, implement the changes in U.S. law to make it compatible with the Treaty. Both bills have been amended , also, to address broader issues of copyright policy in digital, electronic environments, including provisions dealing with the copyright liability of online service providers, ephemeral copying, and fair use. The Treaty updates copyright protection internationally for computer programs, databases as intellectual creations, and digital communications, including use of copyrighted works over the worldwide Internet and other computer networks. This report highlights the main features of the Treaty and summarizes the implementation bills.

World Intellectual Property Organization Copyright Treaty: An Overview

Summary

The President has requested the advice and consent of the Senate to ratification by the United States of a new multilateral treaty, the World Intellectual Property Organization ("WIPO") Copyright Treaty. This new treaty was adopted by a Diplomatic Conference, convened in Geneva, Switzerland from December 2-20, 1996. The WIPO Copyright Treaty updates (but does not formally revise) the Berne Copyright Convention, the primary multilateral copyright treaty which was last revised at Paris in 1971.

The WIPO Copyright Treaty confirms copyright subject matter protection for computer programs and those databases which are intellectual creations; clarifies or extends rights of public distribution, commercial rental, and public communication (i.e., transmission) when using copyrighted works in digital, electronic environments, subject to limitations that may be enacted by national law if the limitations do not conflict with normal marketing of the work and do not unreasonably prejudice the author's interest; and requires adequate and effective remedies to protect against circumvention of anti-copying technologies and knowing alteration or removal of electronic rights management information.

The new treaty, which is in the nature of a special agreement for current members of the Berne Convention, culminates an international treaty development program that began in 1989 with proposals for a "protocol" to update the Berne Convention.

S. 1121 and H.R. 2281, the original Clinton Administration bills, would have amended the Copyright Act to create new protection in two fields only: protection against circumvention of anti-copying technology, and protection to assure the integrity of copyright management information systems. Another bill, S. 1146, addressed additional issues, including online service provider liability, fair use, ephemeral copying, and distance learning. A fourth bill, H.R. 3048, was similar to S. 1146 but omitted the online service provider provisions and added provisions on first sale and shrink-wrap licensing. S. 2037, the successor bill to S. 1121, passed theSenate on May 14, 1998. H.R. 2281, as amended, passed the House of Representatives on August 4, 1998.

This report reviews the background of the WIPO Copyright Treaty, summarizes the main provisions of the Treaty and of the pending implementation bills, and briefly discusses the main legislative issues concerning implementation. (A separate report has been prepared concerning a second new treaty — the WIPO Performances and Phonograms Treaty.)

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World Intellectual Property Organization Copyright Treaty: An Overview

Introduction

The World Intellectual Property Organization (WIPO)[1] convened a diplomatic conference from December 2-20, 1996 in Geneva, Switzerland to consider three draft treaties in the field of intellectual property. Delegates representing more than 125 countries participated in the conference, which ultimately adopted two new intellectual property treaties and postponed consideration of a third draft treaty.

One treaty — the WIPO Copyright Treaty — covers copyright protection for computer programs, databases as intellectual works, and digital communications, including transmission of copyrighted works over the world-wide Internet and other computer networks.

The second treaty — the WIPO Performances and Phonograms Treaty[2] — covers protection for performers of audio works and producers of phonograms (i.e., sound recordings), usually under "related" or "neighboring rights" theories of legal protection. A country like the United States, however, that protects sound recordings under copyright law, may continue to use copyright law to satisfy the obligations of the Performances-Phonograms Treaty.

Consideration of the third draft treaty — the Database Treaty — was postponed to another diplomatic conference both because of insufficient time at the December 1996 Conference and because of objections from many countries that sufficient time had not been expended in the preparatory work to enable the countries to make an

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[1]The World Intellectual Property Organization is a specialized agency of the United Nations which administers most of the international treaties in the field of intellectual property (patents, trademarks, and copyrights). WIPO administers the Berne Convention for the Protection of Literary and Artistic Works, the major copyright convention. New treaties in this field are usually negotiated and developed under work programs established by WIPO members. Usually, following a series of governmental experts meetings, WIPO convenes a diplomatic conference of states to consider, debate, negotiate, and perhaps approve a new treaty. This process was followed in developing the new copyright treaty reviewed in this report.

[2]This report makes only brief references to the WIPO Performances and Phonograms Treaty. A separate CRS Report been prepared. *See,* D. Schrader, *World Intellectual Property Organization Performances and Phonograms Treaty: An Overview,* CRS Rep. No. 97-553A For a .more detailed report on recent developments, *see,* D. Schrader, *WIPO Copyright Treaty Implementation Legislation: Recent Developments,* CRS Rep. No. 98-463 A.

informed decision. The draft Database Treaty would have established *sui generis* protection against misappropriation of databases created with substantial effort and investment, even if the database did not represent an intellectual work within the meaning of copyright law.

This report highlights the key provisions of the WIPO Copyright Treaty, summarizes the proposed implementing legislation (S. 2037 and H.R. 2281), and discusses the main implementation issues that have arisen during Congressional consideration of the implementing bills.

Most Recent Developments

The President of the United States in July 1997 submitted the WIPO Copyright Treaty to the Senate for its advice and consent to ratification of the treaty by the United States, accompanied by recommendations for implementing legislation. Based on this request, S. 1121 and H.R. 2281 were introduced at the end of July 1997 to make the changes in United States copyright law, which the Clinton Administration concluded were the minimal changes that must be made in U.S. law to comply with the new obligations of the Treaty.

S. 1121 and H.R. 2281, as introduced, were virtually identical bills that were based on the interpretative position that existing U.S. copyright law is consistent with the obligations of the Treaty except for two substantive matters and technical amendments concerning primarily the definition of foreign-origin works and their eligibility for U.S. copyright protection. The bills proposed new legal protection i) against circumvention of anti-copying technology and ii) against knowing performance of prohibited acts relating to removal or alteration of copyright management information ("CMI").

On September 3, 1997, Senator Ashcroft introduced an alternative WIPO treaties implementation bill (S. 1146), which, in addition to proposing different statutory texts concerning anti-circumvention and CMI protection, addresses Internet copyright issues such as online service provider ("OSP") liability, fair use, distance learning, and ephemeral reproduction of copies. H.R. 3048 contained provisions similar to S. 1146 , except for the omission of provisions dealing with OSP copyright liability and the inclusion of provisions dealing with the first sale doctrine and "shrink-wrap" licensing. A separate bill, H.R. 2180, dealt only with OSP liability. (H.R. 2180 was later replaced by H.R. 3209.)

The Senate Judiciary Committee held hearings on S. 1146 on September 4, 1997.[3] The House Subcommittee on Court and Intellectual Property held hearings on H.R. 2281 and H.R. 2180 on September 16 and 17, 1997. The House Judiciary Committee approved an amended version of H.R. 2281 on April 1, 1998, which

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[3]The Senate Foreign Relations Committee has primary jurisdiction over the consideration of the treaty itself. The Senate and House Judiciary Committees have primary jurisdiction over amendments to the copyright law to implement the treaty.

included the core elements of a private sector consensus agreement on OSP liability.[4] The Senate Judiciary Committee favorably reported S. 2037 on May 11, 1998 as a successor to S. 1121.[5]

The substitute bill, known as the "Digital Millennium Copyright Act of 1998" ("DMCA") embodies the private sector agreement on OSP liability, changes in the technology circumvention and CMI provisions, and several additional amendments. These amendments: declare that nothing in the anti-circumvention provisions enlarges or diminishes the existing doctrines of vicarious or contributory infringement or affects existing defenses such as fair use; clarify that electronics manufacturers have no obligation to design consumer products to achieve protection against circumvention; expand the exemption of 17 U.S.C. 112 for ephemeral copying by broadcasting organizations to apply in digital contexts and to override the anti-circumvention measures of the copyright owner under certain conditions; expand the exemption of 17 U.S.C.. 108 for libraries and archives for preservation activities; protect personal privacy interests on the Internet; provide exemptions from the anti-circumvention provisions for (i) computer interoperability, (ii) for libraries and nonprofit educational institutions in making purchasing decisions; and (iii) with respect to the right to control minors' access to material on the Internet; except law enforcement and intelligence activities from the anti-circumvention and CMI provisions; and direct the Copyright Office to study and report on distance learning and the liability of nonprofit educational institutions and libraries when they provide online service to patrons.

The Senate passed S. 2037 by unanimous voice vote on May 14, 1998.

H.R. 2281 (bearing the short title: "WIPO Copyright Treaties Implementation Act") was subject to sequential referral to the House Commerce Committee. The Subcommittee on Telecommunications, Trade, and Consumer Protection held a hearing on the bill on June 5, 1998. The full Commerce Committee made several amendments to H.R. 2281 and reported the bill as the "Digital Millennium Copyright Act of 1998" on July 22, 1998.[6] The Commerce Committee version of H.R. 2281 generally included the amendments already embodied in S. 2037 as passed by the Senate as well as additional amendments especially concerning the issues of circumvention of technological measures, fair use, and encryption research. The House of Representatives passed H.R. 2281 with further amendments on August 4, 1998. Among several amendments, the House-passed bill would create an Under Secretary of Commerce for Intellectual Property Policy; create a new form of protection for databases that do not qualify for copyright protection (Title V); and create new design protection limited to boat hulls (Title VI).

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[4]H.R. REP. 105-551 (Part I), 105th Cong. 2d Sess. (1998).

[5]S. REP. 105-190, 105th Cong. 2d Sess. (1998).

[6]H. R. REP. 105-551 (Part II), 105th Cong., 2d Sess. (1998).

Background

The WIPO Copyright Treaty originated in a WIPO work program to update the major international copyright treaty, the Berne Convention for the Protection of Literary and Artistic Works ("Berne Convention"). This work program started in 1989 and included discussion of the relevant copyright issues by seven Committees of Experts. This process was known as the "Berne Protocol," since it was conceived as a mechanism to modernize the Berne Convention (last revised in 1971) without engaging in a full "revision" of the Convention. The original purpose was to make explicit in the Berne Convention that computer programs and databases are protected as copyright subject matter, and generally to update the Convention concerning use of copyrighted works in digital, electronic environments.

Initially, the United States sought to have updated protection for sound recordings included in the "Berne Protocol" process. The European Union and many other countries strenuously resisted inclusion of sound recording protection since sound recordings are not copyright subject matter under their laws nor, they insisted, under the Berne Convention. The majority of countries protect sound recordings under so-called "neighboring" or "related" rights. The principal neighboring rights convention is the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations[7] (known as the "1961 Rome Convention" or the "Neighboring Rights Convention").

The European Union's viewpoint prevailed: the Berne Convention could not be the vehicle for improved international protection for sound recordings since a majority of Berne States do not protect sound recordings under copyright law. These countries were unwilling to change their theoretical basis for protecting sound recordings or agree to an optional interpretation that sound recordings are copyright subject matter under the Berne Convention.

Consequently in 1992, a decision was taken to split the Berne Protocol process into two phases: an update of copyright provisions, and preparation of a possible "new instrument" (i.e., treaty) on the protection of the rights of performers and producers of phonograms.[8] The issues relating to the "new instrument" were considered by six Committees of Experts.

This dual copyright and "new instrument" work program culminated in adoption of two new treaties at a WIPO Diplomatic Conference in Geneva, Switzerland which met from December 2-20, 1996.

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[7]The United States is not a member of the 1961 Rome Convention on neighboring rights. The United States adheres to a more narrow sound recording treaty — the Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms ("Geneva Phonograms Treaty")(Geneva, 1971). As the title indicates, the Geneva Phonograms Treaty protects producers against unauthorized commercial piracy of sound recordings. Members can opt for copyright, related rights, unfair competition, criminal law, or a sui generis form of protection.

[8]"Phonograms" is the international term commonly used to refer to protection of sound recordings.

The WIPO Copyright Treaty is a special copyright agreement[9] updating the Berne Convention. The second treaty — the WIPO Performances and Phonograms Treaty — is a new treaty dealing with the protection of performers and producers of phonograms (i.e., sound recordings). The latter treaty does not specify under which intellectual property law protection must be extended. Countries are free to legislate protection under copyright, neighboring rights, or possibly misappropriation theories of law.

The major policy issues that arose at the 1996 Diplomatic Conference in the case of the Copyright Treaty were: 1) the liability of online service providers and other communications entities that provide access to the Internet and 2) the scope of the reproduction right as applied to copying of data transmitted over the Internet. In the case of the Performances and Phonograms Treaty, the major policy issue was whether or not performances in audiovisual works (e.g., motion pictures) would be covered by the treaty.

The Copyright Treaty issues were resolved by two, separate "agreed statements" of the participating States: 1) that mere provision of communications-Internet physical facilities (i.e., wires, telephone lines, modems, and other communications devices) does not constitute infringement; and 2) that existing Article 9 of the Berne Convention — the reproduction right — applies to the use of works in digital form and that storage of a protected work in digital form in an electronic medium constitutes a reproduction. However, as part of a compromise, the actual article on the reproduction right was dropped from the Copyright Treaty.

In the case of the Performances and Phonograms Treaty, the audiovisual issue was resolved by excluding audiovisual performances from the treaty. The possibility of extending new rights to audiovisual performances will be pursued in future meetings within the WIPO.

In the copyright field, multilateral treaties or conventions generally establish a few basic principles concerning the scope of protection, eligibility of foreigners to enjoy protection, permissible range of limitations and exceptions to the rights granted, and duration of protection. Copyright treaties, like the Berne Convention and the new WIPO Copyright Treaty, do not govern protection for **nationals** of a member country, do not govern **who** is liable for any infringement of rights, and, do not regulate in any detail the enforcement of rights.

An international copyright treaty generally establishes its basic principles in language that is less explicit than statutory language. This level of generality and flexibility of language is ordinarily essential in order to achieve an international consensus among so many countries with widely differing national legal systems. The details of copyright policy are left to national legislatures.

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[9]Although the WIPO Copyright Treaty was prepared as a special agreement within the meaning of Article 20 of the Berne Convention rather than a complete revision of the treaty, the ratification and implementation process in the United States is the same as for any other treaty. That is, this is not an executive agreement; it is a treaty, which requires approval by a two-thirds vote of the Senate.

There is usually some flexibility in carrying out even relatively explicit treaty obligations. Very commonly, the treaty will specifically provide that certain issues are left entirely to national legislation. If, however, implementing legislation is not adopted, the treaty obligation may be interpreted by the courts of a country, depending upon its system of jurisprudence.

International copyright treaties establish general principles or a framework within which national copyright laws are enacted and enforced. The treaties operate primarily to harmonize national laws concerning minimum rights and duration of rights. National copyright laws usually do not have extraterritorial effect.

Suits for copyright violations are ordinarily brought in the place where the infringement occurs. The court of the country where suit is filed applies its own law, which includes both the national copyright law and any treaty to which the country adheres.[10] Choice-of-law issues are resolved under the national law, subject, in the case of the Berne and WIPO Copyright treaties, to the principle of "national treatment," i.e., the foreigner enjoys the same rights as a national of the country.

Treaty Ratification and Implementation

United States adherence to one or both of the new WIPO treaties requires Senate consent to ratification of the treaty by a two-thirds vote.[11] In general, ratification of intellectual property treaties requires implementing legislation to conform United States domestic law to the treaty obligations. For this reason, the Senate's consent to treaty ratification usually occurs after, or concurrently with, enactment of any necessary implementing legislation.

Unless the existing United States law is consistent with the obligations of an intellectual property treaty, implementing legislation is necessary to avoid a situation in which the United States would fail to meet its commitments to international law. Intellectual property ("IP") law treaties have not been considered self-executing under U.S. law, even though the Supremacy Clause of the U.S. Constitution makes a ratified treaty the "law of the land" if it is later in time than a statute.

IP treaties have not been considered self-executing primarily because they represent private international law rather than public international law. A copyright treaty, for example, creates personal property rights in authors (and perhaps other

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[10]Suits alleging infringement of copyright treaty rights by individuals are not brought before any international forum such as WIPO or the International Court of Justice. Under Article 33 of the Berne Convention, disputes about treaty interpretation between two or more member countries — not between private litigants — may be brought before the International Court of Justice, unless one of the countries in the dispute has declared itself not bound by Article 33(1).

[11]The WIPO Copyright Treaty will not come into force for any country until 3 months after the 30th country to accede or ratify has deposited its instruments of accession or ratification with the Director General of WIPO. Each country follows its own treaty approval process in accordance with national law.

persons) and fixes civil liability (at least) for persons who infringe those property rights.[12] Those property rights and the specific acts that give rise to liability are ordinarily detailed in national laws. Any inconsistencies between the provisions of the copyright treaty and the existing national copyright law are ordinarily resolved by the time the treaty is ratified in order to satisfy United States international treaty obligations and to make clear the rights of IP property owners and the potential liability of IP users.

The exact content of the implementing legislation is subject to public debate and legislative consideration. This legislative process ordinarily involves an assessment of the minimum obligations of the treaty; analysis of, and some consensus, on the settled interpretations of existing U.S. law; and the impact of the treaty and any changes in U.S. law on various groups in this country. The Congress also may decide to specify certain policies in the statute, and leave certain details to administrative regulation or to the case-by-case decisions of the courts.

The WIPO Copyright Treaty has now been forwarded to the Senate for its advice and consent, and bills were introduced to implement the changes in United States law deemed necessary by the Administration.[13] The original bills have now been replaced by amended and successor bills (S. 2037 and H.R. 2281), known as the Digital Millennium Copyright Act of 1998 (DMCA).

As passed by the Senate and House of Representatives, the different versions of the DMCA address broader copyright policy issues in the digital environment than originally proposed by the Administration for the WIPO implementation bills. This outcome (thus far) is the result of efforts by groups, such as the Digital Future Coalition (representing the electronics industry, library and educational groups, and certain technology companies), the online service providers, telephone companies, and other communications entities. These groups have successfully urged Congress to clarify their liability for Internet uses of copyrighted works, in conjunction with any ratification of the WIPO treaties.[14]

Content owners and computer software interests originally urged early Congressional action on the Copyright Treaty and the implementing legislation by

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[12]As noted earlier, international copyright treaties to date have not specified who is liable, but they fix the major parameters for assessing liability by specifying rights and permissible limitations on rights.

[13]In introducing S. 1121, Senator Hatch, Chairman of the Senate Judiciary Committee, expressed the view that the United States "must act promptly to ratify and implement the WIPO treaties in order to demonstrate leadership on international copyright protection, so that the WIPO treaties can be implemented globally and so that further theft of our nation's most valuable creative products may be prevented." 143 CONG. REC. (Daily sheets) at S8582 (July 31, 1997).

[14]Leading Internet Industry Coalition Says Clarifying Legislation Must Accompany Pending Copyright Treaties "Balanced" Solution Needed or Internet at Risk, PR Newswire, February 26, 1997; Recording, Telco Interests Spar Over Copyright Law, National Journal's Congress Daily, April 30, 1997; D. Braun, Copyright Laws Choke Tech Development, Group Warns, TechWire, August 18, 1997.

adoption of the "minimalist" approach in S. 1121 and H.R. 2281,[15] as originally introduced. They initially argued that online service and access provider liability, fair use, and other copyright policy issues could be addressed, if necessary, in separate legislation, apart from the WIPO Treaty implementation bills.

The versions of the DMCA passed by the Senate and House of Representatives, however, generally embody consensus, compromise agreements on formerly contentious issues that apparently enjoy the support of both users and owners of copyrighted material, except with respect to Titles V and VI of H.R. 2281.[16]

WIPO Copyright Treaty: Summary

Nature of Legal Instrument

The WIPO Copyright Treaty is a new treaty, but it also effectively "updates" the 1971 Paris version of the Berne Convention by providing strong links to the Berne Convention and by incorporating Berne articles by reference.

For countries already bound by the Berne Convention, the new Copyright Treaty is in the nature of a special agreement within the meaning of Article 20 of Berne. Under Article 20, such special agreements are permitted provided they improve protection for authors of copyrighted works or contain provisions not inconsistent with Berne obligations. The WIPO Copyright Treaty clearly improves protection for authors.

Non-Berne countries may adhere to the new treaty only by agreeing to comply with the substantive articles of the 1971 Paris version of Berne, i.e., Articles 1-21 and the Appendix for Developing Countries. In effect, the WIPO Copyright Treaty legally binds non-Berne adhering countries to apply the Berne Convention, but such countries do not become dues-paying, voting members of the Berne Union.

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[15]Senator Hatch, in introducing S. 1121, confirmed that the bill took a "minimalist" approach and was based on the assumption that "the substantive protections in U.S. copyright law already meet the standards of the new WIPO treaties, and therefore very few changes to U.S. law are necessary in order to implement the treaties." 143 CONG. REC. (Daily sheets) at S8582 (July 31, 1997).

[16]Adam Eisgrau, representing the Digital Future Coalition, has confirmed that his organization has agreed not to oppose the House Commerce Committee's compromise bill. provided that the bill is not encumbered by "unrelated" copyright proposals such as copyright term extension or database protection. As passed by the House, Title V of H.R. 2281 embodies the database proposal (which was also passed separately as H.R. 2652). Title VI embodies a boat design protection proposal (which was also passed separately as H.R. 2696).*Legislation: Commerce Panel Clears Digital Copyright Bill With Further Concessions on Fair Use*, 56 BNA PTC JOURNAL 326 (July 23, 1998).

In addition to requiring the adherents to comply with Berne's substantive articles, the new treaty explicitly incorporates Berne Articles 2-6[17] and requires application of Article 18.[18]

Subject Matter Provisions

Computer Programs. The treaty makes clear that computer programs are protected as literary works under Article 2 of the Berne Convention, whatever may be the mode or form of their expression.[19]

Databases. The treaty makes clear that the parties must accord copyright protection to databases that constitute "intellectual creations," i.e., works in which the selection or arrangement of the content is the result of intellectual effort. The compilation of the content (or data) is protected as copyright subject matter, but

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[17]Art. 3 of the WIPO Copyright Treaty. Berne Article 2 specifies the subject matter protected ("literary and artistic works" in general; specific categories of works are listed). Berne Article 2bis allows national legislation to exclude protection for political and legal speeches, and to allow fair use of lectures, addresses and similar works by the press and media, subject to the right of the author to copyright a collection of these works. Berne Article 3 establishes the highly important rules concerning eligibility to claim protection under the Convention, usually based on nationality of the author or place of first publication (so-called "points of attachment"). Berne Article 4 establishes special eligibility rules for cinematographic works (usually the place where the author's production facilities are headquartered or the author's habitual residence in a member country) and works of architecture (the Berne country where the building is located). Berne Article 5 prohibits formalities on the enjoyment or exercise of rights, establishes that protection must be extended to eligible foreigners based on the principle of national treatment, and establishes rules defining the "country of origin" and provides that protection in the "country of origin" is ordinarily governed by national law (i.e., the rights granted authors by the Berne Convention do not have to be applied in the country of origin). Berne Article 6 permits members to retaliate against (i.e., deny protection for works of) nationals of non-members who fail to provide adequate protection for works of Berne member nationals, even though the work is first published in a Berne member country and would otherwise be eligible for protection under the Convention.

[18]Art. 13 of the WIPO Copyright Treaty. Berne Article 18 essentially requires some form of retroactive protection (perhaps pursuant to a bilateral agreement) for works that entered the public domain of a new member before adherence to the Berne Convention, but remain under copyright in the country of origin.

[19]Art. 4 of the WIPO Copyright Treaty. The Diplomatic Conference also adopted an "agreed statement" concerning the relationship between the Treaty, Article 2 of the Berne Convention, and the provision on computer program protection in the Agreement on Trade-Related Aspects of Intellectual Property Standards ("TRIPS Agreement") of the Uruguay Round of the General Agreement on Tariffs and Trade (1994), signed April 15, 1994. The statement reads as follows:

> "The scope of protection for computer programs under Article 4 of this Treaty, read with Article 2, is consistent with Article 2 of the Berne Convention and on a par with the relevant provisions of the TRIPS Agreement."

protection does not extend to the content itself (unless the content is independently a work of the intellect, in which case it enjoys a separate copyright).[20]

New or Clarified Exclusive Rights

Reproduction Right: No New Treaty Article. The most contentious copyright issue at the WIPO Diplomatic Conference related to a draft article dealing with the reproduction right and its application to digital or electronic formats.[21] Internet service providers, telephone companies, and other telecommunications entities generally objected to application of the reproduction right to indirect or temporary copying by computers transferring files on the Internet and other computer networks. In the end, draft Article 7 on the reproduction right was dropped entirely from the text of the Copyright Treaty. The Diplomatic Conference, however, adopted an

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[20]Art. 5 of the WIPO Copyright Treaty. The Diplomatic Conference adopted an "agreed statement" concerning the relationship between the Treaty, Article 2 of the Berne Convention, and the provision concerning protection of databases in the TRIPS Agreement. The statement reads as follows:

> "The scope of protection for compilations of data (databases) under Article 5 of this Treaty, read with Article 2, is consistent with Article 2 of the Berne Convention and on a par with the relevant provisions of the TRIPS Agreement."

[21]In the draft treaty, Article 7 (Scope of the Right of Reproduction) read as follows:

> (1) The exclusive right accorded to authors of literary and artistic works in Article 9(1) of the Berne Convention of authorizing the reproduction of their works shall include direct and indirect reproduction of their works, whether permanent or temporary, in any manner or form.
>
> (2) Subject to the provisions of Article 9(2) of the Berne Convention, it shall be a matter for legislation in Contracting Parties to limit the right of reproduction in cases where a temporary reproduction has the sole purpose of making the work perceptible or where the reproduction is of a transient or incidental nature, provided that such reproduction takes place in the course of use of the work that is authorized by the author or permitted by law.

"agreed statement" concerning the existing Article 9 of Berne.[22] The meaning of this "agreed statement" is now sharply contested among interests in the United States.

Public Distribution Right. Authors enjoy the exclusive right of authorizing the making available to the public of copies of their works.[23] The Treaty permits, but does not obligate, the parties to limit the public distribution right by the "first sale" or "exhaustion of rights" doctrines.[24]

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[22]The "agreed statement" on the reproduction right is tied to Article 1(4) of the Copyright Treaty, which requires Contracting Parties to "comply with Articles 1 to 21 and the Appendix of the Berne Convention." The statement reads as follows:

> "The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention."

This "agreed statement" interpretive device is highly unusual in international copyright treaties. The weight, as well as the meaning, of the statement will be debated in legislative fora and argued in court cases. Its weight hinges upon the significance of the obligation in the WIPO Copyright Treaty to "comply with" Articles 1-21 of the Berne Convention, given that these articles were originally adopted by preceding diplomatic conferences. Article 9 of Berne was adopted by a Diplomatic Conference at Stockholm, Sweden in 1967. The Stockholm substantive revision never came into force because developed countries rejected the version of the "Protocol for Developing Countries" attached to it. Article 9 of Berne, therefore, became effective only when the 1971 Paris revision came into force in 1974. Ordinarily an interpretation of an existing article by a subsequent diplomatic conference would be analogous to a comment in a committee report on a statutory provision enacted by a preceding Congress. The incorporation in the WIPO Copyright Treaty of a general obligation to "comply with" Articles 1-21 of Berne arguably authenticates the weight of the "agreed statement," but does not resolve the issue of the "meaning" of the statement.

[23]Art. 6(1) of the WIPO Copyright Treaty. The Diplomatic Conference adopted an "agreed statement" concerning Articles 6 ("right of distribution") and 7 ("right of rental") of the Treaty to confirm that these rights apply to fixed copies embodied in tangible objects. The statement reads as follows:

> "As used in these Articles, the expressions `copies' and `original and copies,' being subject to the right of distribution and the right of rental under the said Articles, refer exclusively to fixed copies that can be put into circulation as tangible objects."

[24]Art. 6(2) of the WIPO Copyright Treaty. These doctrines are applied usually to limit the public distribution right to the first sale authorized by the copyright owner (i.e., the purchaser of a copy of a book may resell or otherwise redistribute the book without obtaining permission from the copyright owner). See, for example, Section 109 of the U.S. Copyright Act, title 17 U.S.C. In recent years, commercial rental rights have been granted to copyright owners of computer programs and sound recordings by qualifying the application of the first sale doctrine to these works. At the international level, a major issue exists concerning national, regional, or international "exhaustion" of the public distribution right (i.e., assuming the exhaustion doctrine is legislated, does the first sale in a given

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Rental Right. Authors of computer programs, cinematographic works, and works embodied in phonograms (which works are determined by national law in the case of phonograms) enjoy a generally exclusive right of authorizing the commercial rental of these works.[25]

There are three exceptions to the exclusive right. (i) In the case of computer programs, the right does not apply where the program itself is not the essential object of the commercial rental. (ii) In the case of cinematographic works, the right does not apply unless commercial rental in a given country has led to widespread unauthorized reproduction of copies, which materially impairs the right of reproduction. iii) As a concession to Japan, if a country's law in effect on April 15, 1994 (the date the GATT Agreement was adopted) provides only a right of equitable remuneration for rental of works in phonograms, that remuneration right satisfies the Treaty obligation as long as there is no "material impairment" of the exclusive right of reproduction.

Public Communication Right. Authors enjoy the exclusive right generally of authorizing any communication to the public by wire or wireless means, if the public can access the communication at different times and places.[26] In effect, this amounts

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[24](...continued)
country exhaust the distribution right only in the country of origin, or does exhaustion also occur throughout a given region of affiliated states and/or worldwide).

[25]Art. 7(1) of the WIPO Copyright Treaty. The Diplomatic Conference adopted an "agreed statement" concerning rental of works in phonograms. If the Contracting Party does not grant authors rights in phonograms, then there is no obligation under the Copyright Treaty to grant authors a rental right in phonograms. This statement interprets the provision in Article 7(1) allowing national law to determine whether or not copyright protection is accorded to phonograms. It reflects the fact that most countries, unlike the United States, do not accord copyright protection to sound recordings. Note that these "non-copyright" States would presumably extend rights to performers and producers of phonograms analogous to the rights conferred on authors of other works under the copyright law. (These related rights are covered by the separate Performances and Phonograms Treaty.) The statement reads as follows:

> "It is understood that the obligation under Article 7(1) does not require a Contracting Party to provide an exclusive right of commercial rental to authors who, under that Contracting Party's law, are not granted rights in respect of phonograms. It is understood that this obligation is consistent with Article 14(4) of the TRIPS Agreement."

[26]Art. 8 of the WIPO Copyright Treaty. The Diplomatic Conference adopted an "agreed statement" to the effect that mere provision of physical facilities to enable communications is not itself an act of communication, i.e., does not infringe the public communication right. The statement reads as follows:

> "It is understood that the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Treaty of the Berne Convention. It is further understood that nothing in Article 8 precludes a Contracting Party from applying Article

(continued...)

to a transmission right, which extends to digital online and interactive communications, as well as analog communications. The reference to individual choice of reception is intended to exclude broadcasting, a right which remains governed by the existing Berne Convention. Also, the public communication right of the new Treaty explicitly cannot prejudice the existing public performance, broadcasting, and communication rights of authors as set out in Berne Articles 11(1)(ii), 11*bis*(1)(i) and (ii), 11*ter*(1)(ii), 14(1)(ii) and 14*bis*(1).

Limitations on Rights

In addition to the limitations to the exclusive rights expressed in the grant of the right,[27] the Copyright Treaty permits two general limitations on the rights.

Article 2 provides that "[c]opyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such." This limitation on the scope of copyright reflects the well-settled principle known as the "idea-expression dichotomy" — copyright protects against copying of original expressions but does not inhibit copying of the ideas, concepts, methods, etc. embodied in the expression of the idea, concept, or method.

Article 10 allows each Contracting Party to legislate limitations or exceptions to the Treaty rights "in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author."[28] This general limitation would presumably justify the limitations and exceptions of existing United States law and would permit additional limitations or exceptions that do not conflict with the normal market for a work and do not "unreasonably" harm the interests of the author.

The Diplomatic Conference also adopted an "agreed statement" concerning Article 10 that has three main points. Contracting Parties may extend into the digital environment any existing limitations and exceptions that have been considered acceptable under the Berne Convention. They may also devise new exceptions and limitations "that are appropriate in the digital network environment." Finally, the Conference expressed an "understanding" that Article 10(2) of the Copyright Treaty

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[26](...continued)
11bis(2)."

Article 11bis(2) of the Berne Convention permits compulsory licensing of broadcasts and communications to the public. At one stage of the Berne Protocol process, the WIPO staff had proposed elimination of this compulsory license option in updating the Berne Convention. That proposal was abandoned earlier and was not presented to the Diplomatic Conference.

[27]For example, Article 7 applies the rental right only to specified categories of works (computer programs, cinematographic works, and, if specified in national law, works in phonograms). Also, the rental right for works in phonograms can be limited to a right of remuneration.

[28]This general limitation is drawn almost verbatim from Article 9(2) of the Berne Convention, which has been part of the Berne Convention only since 1974.

"neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention."

Term of Protection for Photographs

Only one article of the Copyright Treaty deals with duration of protection. Article 9 obligates a Contracting Party generally to apply the standard term of life of the author plus 50 years to protection for photographic works.[29] This provision improves the protection accorded photographs under the Berne Convention, which permits a term as short as 25 years.

Enforcement of Rights

The Berne Copyright Convention traditionally has not included detailed provisions regarding enforcement of rights.[30] The 1996 Diplomatic Conference considered proposals to include detailed enforcement provisions in the Copyright Treaty, either as an Annex to the treaty or by reference to the enforcement articles of the TRIPS Agreement.[31] In the end, the Diplomatic Conference rejected both proposals in favor of a brief enforcement article that makes no reference to the provisions of the TRIPS Agreement.

Article 14 requires Treaty adherents to ensure that enforcement procedures exist under domestic law to permit "effective action against any act of infringement of rights covered by this Treaty, including expeditious remedies" to deter future infringements. Paragraph (1) of Article 14 expresses the general obligation of Contracting Parties "to undertake to adopt ... the measures necessary to ensure the application of this Treaty."

Retroactive Application

Article 13 of the Copyright Treaty binds adherents to apply the provisions of Article 18 of the Berne Convention, which, in essence, requires some form of

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[29]The term of copyright for works other than photographs would remain controlled by Article 7 of the Berne Convention. The standard term is life of the author plus 50 years after his or her death.

[30]Article 36 of the Berne Convention obligates its adherents to "undertake to adopt...the measures necessary to ensure the application" of the Convention and also requires that, at the time of joining the Convention, a country should have domestic law in place "to give effect to the provisions" of the Convention. Berne Article 15 establishes a legal presumption that an author is entitled to bring an infringement action if his or her name appears on the work. Berne Article 16 provides that infringing copies shall be subject to seizure in any member country. Except for these articles, the Berne Convention does not deal with enforcement of rights. Traditionally, the Convention has been concerned with the grant of rights to authors outside the country in which the work originated. Until the recent Diplomatic Conference, there had been no serious attempt to include detailed enforcement provisions in the Berne Convention.

[31]Articles 41 to 61 of the TRIPS Agreement.

retroactive protection for works that might have fallen into the public domain of the new member of the Treaty but remain under copyright in the country of origin.

Technological Measures

The Copyright Treaty in Article 11 establishes a new kind of legal protection for authors. Treaty adherents shall provide "adequate and effective legal protection and effective legal remedies against the circumvention of effective technological measures" (that is, protection against devices or services that defeat anti-copying technologies).

The obligation is expressed in general language and leaves the details of protection to national law. Strong opposition had been expressed domestically to the related proposal in S. 1284 and H.R. 4221 of the 104th Congress (the bills that would have amended the copyright law concerning use of copyrighted works on the Internet and other computer networks). The electronics industry objected to civil liability for devices whose "primary purpose or effect" was to circumvent anti-copying systems. The final version of the Copyright Treaty dropped this controversial language from Article 11.[32]

Rights Management Information

Pursuant to Article 12, Treaty adherents must provide "adequate and effective legal remedies against any person knowingly performing" prohibited acts relating to the removal or alteration of **electronic** rights management information.

This obligation extends only to rights management information in electronic form. By implication, the remedies could be criminal or civil.[33] In the case of civil remedies, protection should apply against someone who has reasonable grounds to know that he or she has engaged in a prohibited act.

"Rights management information" (RMI) means information that identifies the work, the author, the rightsholder, or discloses terms and conditions concerning use of the work. The intent is to facilitate widespread use of this information by rightsholders in order to make licensing of works, or permission to use works, more readily available to the public.

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[32]The Digital Future Coalition, which includes electonics industry groups, supports the general obligation expressed in Article 11 of the Copyright Treaty, but strongly opposed the original provisions of S. 1121 and H.R. 2281 that would have implemented the technological measures obligation of the Treaty. These groups apparently support the compromises embodied in the Digital Millennium Copyright Act, as passed by the Senate and House in different versions.

[33]S. 1121 and H.R. 2281 create legal protection for copyright management information ("CMI") systems in analog or electronic form, and provide criminal as well as civil remedies. S. 1146 creates only civil remedies and apparently applies only to CMI in electronic form.

The Diplomatic Conference adopted an "agreed statement" concerning the interpretation of Article 12. First, the Conference expressed an "understanding" that the reference to "infringement of any right covered by this Treaty or the Berne Convention" encompasses both exclusive rights and rights of remuneration. As a second "understanding," the Conference stated the Contracting Parties will not use Article 12 to devise or implement RMI systems that would have the effect of imposing formalities, prohibiting the free movement of goods, or impeding the enjoyment of rights under the Treaty.

Administrative Provisions

Any member State of the World Intellectual Property Organization may become a party to the Copyright Treaty.[34] The Treaty enters into force three months after 30 States ratify or accede to it.[35] No reservations are permitted, that is, a country must accept the obligations of the entire treaty and cannot decline to be bound by certain provisions.[36]

Article 15 establishes an "Assembly" of the member States that provides some organizational structure for dealing with future questions about maintenance, development, or revision[37] of the Treaty. The Assembly meets in regular session once every two years upon convocation by the Director General of WIPO.

The International Bureau of WIPO performs any administrative tasks concerning the Treaty.[38]

Treaty Implementation Issues

General Observations

In general, the decision whether or not to submit implementing legislation, and the form of that legislation, depends upon interpretation of existing United States law.[39] The Clinton Administration and most copyright/content owners initially took

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[34]Art. 17 of the Copyright Treaty.

[35]Art. 20 of the Copyright Treaty.

[36]Art. 22 of the Copyright Treaty.

[37]Revision of the Treaty would entail convocation of another diplomatic conference. Art. 15(2)(c).

[38]Art. 16 of the Copyright Treaty.

[39]For example, does electronic transmission in computer networks without further public distribution or downloading of any copy infringe the existing rights of reproduction (a "copy" is made automatically by operation of the computer network in order to transmit the data/work) or public distribution? To what extent are Internet service providers now contributorily liable for any infringements of their customers? To what extent does the doctrine of "fair use" apply to excuse certain otherwise infringing activities on the Internet?

(continued...)

the position that United States law — including state law and other federal laws in addition to the copyright law — is now consistent with the obligations of the Treaty, except for protection against circumvention of anti-copying systems, protection against removal or alteration of copyright management information, and technical amendments concerning the eligibility for works of foreign-origin to claim copyright in the United States.

Those who held this viewpoint argued that the WIPO Copyright Treaty mainly clarifies certain rights and subject matter issues, and that, to the extent the Treaty grants new rights, it tracks changes that have already been legislated in the United States copyright law. Also, some have argued that the courts could deal with the few, if any, remaining issues concerning the consistency of U.S. law with the Treaty, which were not covered by the original implementation bills.

The opposing viewpoint is that United States law relating to use of copyrighted works on the Internet and other electronic or computer networks is not settled. Some argued that existing U.S. law is inconsistent with certain Treaty obligations. Others argued that, at a minimum, legislation would be needed to achieve a higher degree of certainty on a number of controversial legal issues. Judicial resolution of these issues, they argued, takes too long, is too fraught with uncertainty for conducting Internet business, and seldom provides clear, nationwide interpretations of the law. S. 1146, H.R. 3048, H.R. 2180, and H.R. 3209 essentially responded to the concerns of those who seek legislative clarification of the U.S. law about copyright liability in digital, electronic environments.

Finally, it was argued, if the Treaty were ratified without amending United States law on issues such as the scope of rights and limitations on the rights, the Treaty language might be cited in court to determine the outcome of cases and in future legislative fora as a barrier to enactment of certain legislation. The Treaty will shape the interpretation of U.S. law and future legislative debate; certain positions and interpretations will arguably be foreclosed by the Treaty, unless the Treaty content is shaped by U.S. implementing legislation before, or simultaneous with, ratification.

In debating the implementing legislation, in addition to the provisions included in the original versions of S. 1121 and H.R. 2281, the following copyright policy issues have received legislative consideration: online service provider (OSP) liability for contributory or vicarious infringements; the scope of the exclusive rights (especially those relating to reproduction, distribution, "transmission,"[40] and "public

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[39](...continued)

[40]Neither the WIPO Copyright Treaty nor United States copyright law expressly mention any "transmission" right. The "public communication" right of Article 8 of the Treaty, however, essentially creates a transmission right. Domestically, the NII bills of the 104th Congress would have created a transmission right as a subset of the public distribution right. Some argue that existing United States law can be interpreted to protect against unauthorized transmissions as a violation of the public distribution right. The opposing (continued...)

communication");[41] and the limitations on rights (such as fair use and the first sale doctrine).

Summary of S. 2037 and H.R. 2281

General Scope of the Bills. The implementation bills recommended originally by the Clinton Administration and supported by most copyright/content owners assumed that existing United States law is already in compliance with the minimum obligations of the WIPO Copyright Treaty, except for two articles which require:

> i) legal protection against circumvention of anti-copying technology [Article 11]; and
>
> ii) legal remedies against knowing performance of prohibited acts relating to removal or alteration of electronic rights management information [Article 12].[42]

The only other amendments proposed in the original implementation bills were technical in nature and related primarily to consequential adjustments to those definitions of the Copyright Act that affect treaty relationships and the eligibility of foreigners to claim copyright in the United States. Technical amendments are proposed for the same reasons in three substantive sections of the Copyright Act: section 104, which governs eligibility of foreign authors to claim copyright under United States law; section 104A, which concerns restoration of copyright in certain foreign-origin works; and section 411, which makes copyright registration in the United States Copyright Office a jurisdictional prerequisite to a suit for copyright infringement, except for certain works of foreign-origin.

The versions of the Digital Millennium Copyright Act passed by the Senate and House of Representatives (S. 2037 and H.R. 2281) address many copyright policy issues concerning use of copyrighted works in digital, electronic environments beyond the circumvention and copyright management information provisions of the original implementation bill.

Circumvention of Copyright Protection Systems. The implementation bills would add a new chapter 12 to the Copyright Act, title 17 U.S.C., creating civil and criminal liability for circumvention of copyright protection systems.

The proposed section 1201 would prohibit the manufacture, importation, offering to the public or other trafficking in any technology, product, service, device,

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[40](...continued)
view is that transmissions fall under the public performance right of existing law and that certain transmissions are exempt because they are not made to the "public."

[41]While United States copyright law does not expressly grant a "public communication" right, the public performance right of U.S. law seems to encompass the rights granted by Article 8 of the WIPO Copyright Treaty.

[42]Statement of Senator Hatch, accompanying the introduction of S. 1121. 143 CONG. REC. (Daily sheets) at S8582 (July 31, 1997).

component or part thereof that is **primarily designed or produced** to circumvent an anti-copying system.

Proposed civil penalties include: injunctions, impoundment of infringing material or equipment, actual damages and any additional profits of the violator or statutory damages ranging from $200-$2500 per act of circumvention, product, or performance of service or, at the plaintiff's option, a total award bertween $2500-$25,000. For repeated violations within three years, the court may triple the damages. The court also has the discretion to reduce or remit damages if the violator proves, and the court finds, he, she, or it was not aware and had no reason to believe that the law was violated.

Criminal penalties would apply to willful violation of section 1201 for purposes of commercial advantage or private financial gain.[43] First offenders could be fined up to $500,000 or imprisoned up to 5 years or both. The maximum fine and time in prison can be doubled for subsequent offenses.

As passed by the Senate and House of Representatives, both bills have been amended to clarify and narrow the scope of the anti-circumvention requirements. These amendments: 1) exempt nonprofit libraries, archives, and educational institutions from liability to the extent they merely access a copyrighted work for the sole purpose of making a purchase decision or to engage in conduct otherwise permitted under the Act (such as fair use of the work); 2) exempt lawfully authorized law enforcement and intelligence activities; 3) permit the circumvention of access control technologies for the sole purpose of achieving computer software interoperability (reverse engineering); 4) permit circumvention if necessary to enable controls on minors' access to Internet material; 5) require the copyright owner to permit access by a broadcaster if necessary to make a recording as authorized by the ephemeral recording exemption of 17 U.S.C. 112; 6) exempt any nonprofit library, archives, or educational institution from criminal liability; 7) in civil cases, remit any monetary damages against a nonprofit library, archives, or educational institution that proves it was not aware and had no reason to believe its acts violates the anti-circumvention provisions; 8) declare that nothing in the anti-circumvention provisions enlarges or diminishes the existing doctrines of vicarious or contributory infringement or affects existing defenses such as fair use; and 9) clarify that electronics manufacturers have no obligation to design consumer products to achieve protection against circumvention.

H.R. 2281 has been further amended to: 1) delay for two years the implementation of the anti-circumvention provisions and require an initial regulatory review by the Secretary of Commerce, followed by reviews every three years, of the impact of any technology-protection measures on the application of fair use; 2) exempt certain encryption research activities; 3) clarify that the bill neither enlarges nor diminishes Constitutional protection for freedom of speech and press; and 4)

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[43]Since the bills do not contain any definition of "commercial advantage" or "private financial gain," it seems likely that the mens rea standard of existing copyright law, as developed by court decisions, would apply.

mandate two agency reports — the first on the impact of the bill on electronic commerce, and the second on the impact of anti-circumvention technology on research and development, including the effect on reverse engineering.

Integrity of Copyright Management Systems. The WIPO Copyright Treaty implementation bills would add a new section 1202 to the Copyright Act prohibiting the knowing provision of false copyright management information ("CMI").[44] Specifically, the bills would prohibit the knowing distribution or importation of false CMI with the intent to induce, enable, facilitate or conceal a copyright infringement. The intentional removal or alteration of CMI would also be prohibited.

The purpose of these provisions would be to facilitate widespread use of CMI by rightsholders in order to make licensing of works (or permission to use works) more readily available to the public. Consistent with the Treaty, the provisions cannot be legislated as a formality (i.e., a condition of the erercise or enjoyment of the copyright) or prohibit the free movement of goods.

Both civil and criminal remedies are proposed. These remedies are the same as described above for violations of the anti-circumvention provisions.[45]

The new rights to protect the integrity of CMI systems apply both to analog and digital formats. In this respect, the bills apparently exceed the minimum treaty obligation since the WIPO Copyright Treaty requires protection only for **electronic** rights management information.

As passed by the Senate and House of Representatives, both bills: 1) exempt lawfully authorized law enforcement and intelligence activities from the CMI requirements; 2) exempt nonprofit libraries, archives, and educational institutions from criminal liability; 3) exempt the same nonprofit entities from civil liability if they prove they had no awareness of a CMI violation or reason to believe they committed a violation; and 4) limit the liability of broadcasters, cable systems, and other transmitting organizations depending upon whether CMI compliance is technically feasible or would create an undue financial hardship in the case of analog transmissions, and depending in general upon the existence of industry standards in the case of digital transmissions.

Online Service Provider Liability —Title II. The Administration's original implementation bills (S. 1121 and H.R. 2281) did not address the issue of who is liable for copyright infringement of copyrighted works, as a result of actions by customers and users of online service and access providers (OSPs).[46]

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[44]This new right would implement Article 12 of the WIPO Copyright Treaty, although the treaty uses the terminology "rights management information."

[45]The civil remedies would be codified as 17 U.S.C.§1203. The criminal remedies would be codified as 17 U.S.C.§1204.

[46]This Report uses "OSP" as short-hand for persons who transmit, route, provide connections, or otherwise facilitate computer network service and access for clients without initiating or altering the content of the transmission. Although OSPs are the main

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The Ad Hoc Copyright Coalition, consisting of telecommunications companies and online service providers ("OSPs"), urged enactment of legislation clarifying their copyright liability in conjunction with any ratification of the WIPO Copyright Treaty. The Digital Future Coalition (which includes the electronics industry, and library, educational and telecommunications groups) also urged enactment of domestic legislation to clarify OSP liability in any legislation to implement the Treaty.

Although the WIPO Copyright Treaty could be implemented without clarifying OSP liability, that outcome would leave to the courts decisions about OSP liability. At least one court decision suggests that OSPs may be liable as contributory infringers for the copyright violations of their customers.[47]

S. 2037 and H.R. 2281, as passed by the Senate and House of Representatives, respectively, basically absolve OSPs who transfer information via the Internet, without having any control of the content, from either direct, vicarious, or contributory copyright infringement. Upon receiving a notice of infringement that complies with statutory requirements,[48] an OSP is expected expeditiously to remove, disable or block access, to the extent blocking is technologically feasible and economically reasonable. Upon receipt of a counter-notice by a provider of the blocked site, the OSP shall retain the block for 10-14 days but no longer, unless the copyright owner files suit for copyright infringement. The exemptions from liability apply both to network service transmissions and to private and real-time communications services.

The bills implement a recent consensus agreement on OSP copyright liability reached by the private sector interests most directly affected by this legislation — copyright owners, publishers and other disseminators of copyrighted works, online service providers, telecommunications interests, the electronics industry, and libraries and educational institutions.

The bills also contains provisions that would: i) absolve OSPs from liability to the person whose material is blocked or removed from the Internet when the OSP acts in reliance on a statutory notice of infringement; and ii) establish the principle that traditional copyright defenses (such as fair use) are unaffected by an OSPs blockage of, or failure to block, access to alleged infringing material.

Digital Network Communications. An OSP is not liable for monetary relief and injunctive relief is carefully circumscribed when an OSP acts as a "mere conduit" in transmitting the copyrighted work. Some of the specific restrictions to qualify for this exemption are:

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[46](...continued)
beneficiaries of the copyright liability proposals in Title II of the bills, entities other than OSPs can claim the exemption if they meet the statutory conditions.

[47]Religious Technology Center v. Netcom, 907 F. Supp. 1361 (N.D. Cal. 1995)

[48]Among other requirements, the notice must be in writing, describe the infringing material, give information about its location on the network, identify the copyrighted work, contain a sworn statement that the notice of infringement is accurate, and be signed physically or electronically by an authorized person.

- the transmission was initiated by someone other than the OSP;
- the transmission is provided through automatic, technical processes without selection of content by the OSP;
- the OSP does not select the recipients of the copyrighted material except as an automatic response to provide service;
- the OSP does not maintain a copy of the copyrighted material that is accessible to recipients for a longer period than is reasonably necessary for the communications; and
- the material is transmitted without changes.

System Caching. An OSP is not liable for monetary relief and injunctive relief is carefully circumscribed when the copyrighted material is temporarily stored on the system or network as part of an automatic process without change for use in refreshing, reloading, or other updating in accordance with accepted industry standards for data communications.

Information Storage. An OSP is not liable for monetary relief and injunctive relief is carefully circumscribed when an OSP stores infringing material on its network at the direction of a system user if the OSP does not have actual knowledge of the infringement, is not aware of facts or circumstances that make the infringement apparent, or, upon obtaining such knowledge or awareness, the OSP acts expeditiously to remove or disable access to the infringing material.

Information Location Tools. The standards applicable to storage of information apply generally to OSP liability for referring or linking users to an online location that may contain infringing material., That is, the OSP is not liable without actual knowledge or awareness of facts that make the infringement apparent, or if the OSP acts expeditiously to remove or disable access upon obtaining knowledge or awareness of an infringement.

The bills propose penalties for knowing, material misrepresentations about infringing activity, absolve OSPs of noncopyright liability if the OSP in good faith acts to disable or remove allegedly infringing material; provide that copyright owners who seek the identification of the direct infringer from the OSP must obtain a court order first; in the narrow cases where injunction relief is available, place limits on the scope of the relief orders; and make OSPs terminate subscribers who are repeat infringers but do not require OSPs to monitor the network to seek out infringers.

Computer Maintenance or Repair Exemption — Title III. Both bills incorporate the free-standing bill (H.R. 72) which overturns a Ninth Circuit decision[49] holding that a computer service/repair company infringes the copyright in a computer program by activating the machine. Under the bills, the loading of the

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[49]*MAI Systems Corp. V. Advanced Computer Systems of Michigan, Inc.*, 992 F. 2d 511 (9th Cir. 1993).

computer program into a computer's RAM for service or repair purposes would be noninfringing, even though this act reproduces a copy of the program.

Miscellaneous Internet Copyright Provisions — Title IV. The bills also propose several amendments that would update the limitations on the rights of the copyright owner in the context of digital, electronic uses of copyrighted works. Although the bills contain some common provisions, other provisions are not common to both bills.

Library Preservation Copying. The library exemption of 17 U.S.C. §108 would be expanded by permitting library reproduction of three copies or phonorecords rather than the one copy of existing law, by deleting the references of existing law to reproduction only in "facsimile form," and by adding, as a new justification for library reproduction, the factor that the work is stored in an obsolete format.

Distance Learning. The Copyright Office would be directed to study and report back to the Congress concerning proposals to expand the existing instructional broadcasting exemption of 17 U.S.C. §110(2) to exempt "distance learning" — that is, performances, displays, or distributions of works by analog or digital transmission to remote sites for reception of systematic instructional material by students officially enrolled in the course and by government employees as part of their official duties. The report would be due 6 months after enactment.

Ephemeral Recordings. Section 112 of the Copyright Act, which deals with ephemeral recordings of works by primary transmitting organizations (such as broadcasters) would be expanded in two ways. First, the exemption would apply to nonsubscription broadcasts of sound recordings in digital formats.

A second amendment of Section 112 relates to the new protection against circumvention of anti-copying technology. Both bills require that the copyright owner must make available to the broadcaster the necessary means to make an ephemeral recording of a technology-protected program, if it is technologically feasible and economically reasonable to do so. If the copyright owner fails to provide copying access in a timely manner in accordance with reasonable business requirements, the broadcaster is not liable for circumventing the anti-copying measures.

Under Secretary of Commerce for Intellectual Property Policy (H.R. 2281 only). SEC. 401 of H.R. 2281 would create a new position in the Department of Commerce for an Under Secretary of Commerce for Intellectual Property Policy. This Under Secretary would be authorized to advise the President on national and certain international issues relating to patent, trademark, and copyright policy. The Office would be funded by patent and trademark fees, up to 2 percent of the annual revenues of the Patent and Trademark Office. SEC. 402 seeks to clarify the authority of this new Office with the duties of the United States Trade Representative, the Secretary of State, and the Register of Copyrights.

Assumption of Motion Picture Collective Bargaining Contracts (H.R. 2281 only). With the exception of collective bargaining agreements limited to the public performance rights, SEC. 416 of H.R. 2281 requires that the transfer of motion

picture rights shall be deemed to incorporate the collective bargaining agreements negotiated after enactment of the bill, if the transferee knew or had reason to know about the agreements, or if there is an existing court order against the transferor which the latter is not able to satisfy within 90 days after the order is issued. If the transferor of motion picture rights fails to notify the transferee of the contractual obligations and the transferee becomes bound by a court order to make payments under the collective bargaining agreement, the transferor is liable to a damages claim by the transferee.

Fair Use and First Sale Doctrine Clarifications (H.R. 2281 only). SEC. 414 of H.R. 2281 would amend the fair use doctrine of 17 U.S.C. 107 to clarify its continued application in digital contexts. SEC. 417 of H.R. 2281 would amend the first sale doctrine of 17 U.S.C. 109 similarly to clarify its continued application in digital contexts.

Collections of Information Antipiracy Act — Title V of H.R. 2281. The WIPO Copyright Treaty and both implementing bills, S. 2037 and H.R. 2281, would clarify and perhaps expand protection for databases that are intellectual creations and qualify for protection as works of authorship under the Copyright Act.

Under the decision of the Supreme Court in *Feist Publications v. Rural Telephone*,[50] however, databases that lack at least a modest amount of creative expression are not constitutionally eligible for copyright protection. Database producers have become concerned about a lack of protection for noncreative databases. Also, the European Union has issued a directive mandating a new form of protection for collections of information known as an "extraction right." American database producers will be able to enjoy this new form of protection only if the United States enacts reciprocal legislation that protects European Union noncreative databases.

Title V of H.R. 2281 responds to the petition of database producers for protection of databases that cannot qualify under the copyright law as interpreted by the *Feist* case. Essentially, collections of information that result from substantial investments of time, money, or resources would enjoy a misappropriation-style of protection against piracy for 15 years. This proposal passed the House of Representatives as a separate bill (H.R. 2652) over the objections of the library, educational, and scientific communities in the United States.

Vessel Hull Design Protection Act — Title VI of H.R. 2281. The House-passed bill incorporates another new form of intellectual property protection not included in S. 2037 — Title VI of H.R. 2281 embodies the Vessel Hull Design Protection Act. This Title creates a new , 10 year form of design protection for boat hulls, which essentially fills in a perceived gap between the design patent and copyright laws. The overall shape of a boat larger than a rowboat and smaller than 201 feet in length could be protected against copying. Like the database proposal, the boat design proposal passed the House of Representatives as a separate bill (H.R. 2696). The proposal also essentially overcomes a decision of the Supreme Court in

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[50]499 U.S. 340 (1991).

Bonito Boats v. Thunder Craft Boats,[51] which held that state law protection of boat designs was an unconstitutional interference with the federal patent and copyright laws.

The boat design title would enact a design protection proposal that has been presented to the Congress over several decades and rejected for various reasons when the proposal extended to designs of useful articles in general. The pending proposal is restricted to boat designs simply by a few definitions (e.g., the definition of useful article). One of the objections to the legislation may be that this is the first unwelcome (to some) step toward enactment of general design legislation, which has been controversial in the past. Again, like database protection, design protection is the subject of a European Union harmonization project. For American designers to obtain design protection in Europe, the United States would have to enact new design legislation. When design protection was considered by earlier Congresses, objections from the insurance industry, consumers, retailers, and others concerned about the alleged anti-competitive effect of design protection led to the rejection of the design bill.

Conclusion

Adoption of the WIPO Copyright Treaty by the 1996 Geneva Diplomatic Conference culminates an international effort to modernize the Berne Copyright Convention that began 8 years ago as the "Berne Protocol" proposal. Although the purpose of this Treaty is to update and strengthen the protection afforded to authors by the Berne Convention, the WIPO Copyright Treaty is a new multilateral treaty. It will come into force 3 months after 30 countries have deposited their instruments of accession or ratification with the Director General of WIPO, whether those countries are members of the Berne Convention or not. The Treaty is subject to ratification by the United States with the advice and consent of the Senate.

The Copyright Treaty clarifies that computer programs and databases that constitute "intellectual creations" are literary works. The Diplomatic Conference adopted an agreed statement confirming that these categories of works are eligible for copyright protection under Article 2 of the Berne Convention as well as under the new Treaty.

Several exclusive rights of authors are clarified or extended by the Copyright Treaty, including the rights of public distribution, commercial rental, and public communication. With respect to the reproduction right, the Copyright Treaty contains no new text. An agreed statement of the Diplomatic Conference interprets the reproduction right of Article 9 of the Berne Convention.

Limitations on rights are generally left to national law except that: 1) some qualifications are expressed in the grant of rights articles; 2) the Treaty embodies the principle that copyright protects expression and not ideas; and 3) Article 10 specifically permits national law to enact limitations that do not conflict with normal

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[51] 489 U.S. 141 (1989).

exploitation of the work and do not unreasonably harm the author's legitimate interests. In an agreed statement, the Diplomatic Conference interpreted Article 10 of the Treaty and the Berne Convention as permitting appropriate limitations in digital, computer network environments.

The Copyright Treaty also includes a general article on enforcement of the treaty rights, an obligation to provide adequate and effective remedies to prevent the circumvention of technological measures designed to inhibit copying, and an obligation to assure adequate and effective remedies against knowing removal or alteration of electronic rights management information.

The WIPO Copyright Treaty was submitted to the Senate for its consideration in July 1997. At the request of the Clinton Administration, S. 1121 and H.R. 2281 were introduced to implement the treaty obligations. The original bills proposed no changes in the rights or limitations on rights of existing law, on the assumption that existing law is consistent with the Treaty. The Administration's implementation bills did propose the creation of new protection against circumvention of anti-copying systems and against removal or alteration of copyright management information. The bills made technical amendments relating to treaty relationships and the eligibility of foreigners to claim copyright in the U.S.

Alternative implementation bills, S. 1146 and H.R. 3048, were also introduced. These bills differed in important respects from the circumvention and CMI protection proposals of the Administration bills. S. 1146 also proposed amendments relating to OSP copyright liability, ephemeral copying, fair use, and distance learning. H.R. 3048 tracked many of the provisions in S. 1146 except for OSP liability, and added other provisions on the first sale doctrine and "shrink-wrap" licensing.

Copyright owners, authors, publishers and other producers/disseminators of copyrighted works originally urged implementation of the WIPO Copyright Treaty based upon enactment of the minimal changes proposed in S. 1121 and H.R. 2281 as introduced. These content providers initially argued that United States law is already consistent with the Treaty with respect to exclusive rights and limitations on rights. They favored early ratification and enactment of the bills to send an appropriate signal to other countries, which would encourage them to adhere to the Treaty and generally upgrade protection for the use of copyrighted works in electronic, digital environments.

Groups representing the telecommunications and electronics industries, libraries, and other educational interests generally support the ratification of the WIPO Copyright Treaty in principle, but only on the basis of implementing legislation that addresses their concerns about OSP liability, fair use, distance learning, ephemeral copying, and other issues concerning use of copyrighted works on the Internet and in electronic environments. They argue that United States law is not settled concerning the scope of rights and limitations on rights in digital, electronic environments. It is asserted that these issues must be addressed in legislation rather than through judicial decision-making. S. 1146 and H.R. 3048 responded to many of the concerns of these groups.

Through the legislative process of hearings, debate, consideration, and amendment, the original implementation bills have been substantially modified. S. 2037 has replaced S. 1121. As amended, S. 2037 and H.R. 2281 have passed the Senate and House of Representatives, respectively, under the short title of the "Digital Millennium Copyright Act of 1998." The bills have many common provisions, but also differ in significant respects.

The bills embody a consensus agreement by private sector interests concerning online service provider copyright liability. Other amendments: declare that nothing in the anti-circumvention provisions enlarges or diminishes the existing doctrines of vicarious or contributory infringement or affects existing defenses such as fair use; clarify that electronics manufacturers have no obligation to design consumer products to achieve protection against circumvention; expand the exemption of 17 U.S.C. 112 relating to ephemeral copying by broadcasters to apply in digital contexts and to override the anti-circumvention measures of the copyright owner under certain conditions; expand the exemption of 17 U.S.C. 108 for libraries and archives to preservation activities in digital formats; protect personal privacy interests on the Internet; provide exceptions from the anti-circumvention provisions (i) for computer interoperability, (ii) for libraries and nonprofit educational institutions in making purchasing decisions, and (iii) with respect to the right to control access by minors to the Internet; except law enforcement and intelligence activities from the anti-circumvention and CMI provisions; and direct the Copyright Office to study and report on distance learning and on the liability of nonprofit educational institutions and libraries when they provide online service to patrons.

H.R. 2281 includes additional amendments concerning the issues of circumvention of technological measures, fair use, the first sale doctrine, and encryption research. Moreover, H.R. 2281 adds two new forms of intellectual property protection — 15 years of misappropriation-style protection for databases that are not eligible for copyright and 10 years of design protection for designs of boat hulls. These proposals were not considered part of the WIPO treaties implementation issues until Titles V and VI were added to the bill as passed by the House.

It appears that compromises have been reached on formerly contentious issues such as OSP liability, the anti-circumvention provisions, and several issues of concern to libraries and educational institutions. Except for the inclusion in H.R. 2281 of Title V ("Collections of Information Antipiracy Act") and Title VI ("Vessel Hull Design Protection Act"), it seems likely that both copyright users and copyright owners are in general agreement on enactment of WIPO treaties implementing legislation.