

September 12, 2013

Via Email and U.S. Mail

Lance Liebman
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Re: Proposal for an American Law Institute Principles of Copyright Project

Dear Lance:

You may remember that during the American Law Institute (ALI) Young Scholars Conference on Patent and Copyright Law held at Georgetown University Law Center in February 2013, I suggested that ALI should undertake a copyright reform project. I am writing now to follow up on that suggestion with a more concrete proposal for a project that articulates principles that courts, lawyers, and scholars can use without the need for legislation and that would provide an analysis and framework that would aid additional reform efforts. Such a project would enable the ALI to bring reason and order to this important area of the law and help clarify and simplify it in accordance with the Institute's mission. I enclose my recent essay in the Harvard Law Review, *Is Copyright Reform Possible?*, and the recent report of the Copyright Principles Project. (These references are also available online: http://www.harvardlawreview.org/media/pdf/vol126_samuelson.pdf; http://www.law.berkeley.edu/files/bclt_CPP.pdf.)

Principles That Courts, Lawyers, and Scholars Can Use Without the Need for Legislation

Many of the most important and contested issues of U.S. copyright law—among them, its originality standard, disputes over authorship, infringement standards, fair use, equitable or monetary compensation for infringement, and preemption of state laws—are matters for statutory interpretation in a common law fashion that judges and lawyers must address with little or no help from the statute. There is considerable uncertainty, lack of clarity, and undue complexity on these and other important aspects of copyright law. It is unfortunate that the length and complexity of the statute today obscures the normative underpinnings of the law. With a Principles of Copyright Project (or other type of project that the Institute thinks is appropriate), the ALI could help rectify this problem. Although the proposed project would concentrate on principles that courts, lawyers, and scholars can use now, without statutory amendment, it would include an analysis and framework that would over time be helpful to Congress, the Copyright Office, and others considering reform.

In the essay, *Is Copyright Reform Possible?*, I consider various modes and venues in which copyright reform can take place. The essay points out that the Institute has already contributed

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significantly to law reform in the intellectual property field through, for instance, its RESTATEMENT (THIRD) OF UNFAIR COMPETITION and its PRINCIPLES OF THE LAW OF SOFTWARE CONTRACTS. The essay also explains why the Institute is the optimal institution to undertake a project that would bring clarity and normative principles to interpretation and application of U.S. copyright law. In the essay, I give a dozen examples of common law copyright issues on which courts have been at odds that an ALI project might usefully address.

Clarification and other reforms of U.S. copyright law were also the focus of a 2010 report by the Copyright Principles Project (CPP), a group I convened in 2007 comprised of twenty copyright professionals. Following three years of deliberation and discussion, the CPP Report identified and discussed twenty-five specific areas for reform. The CPP Report provides additional reasons for copyright reform to get under way. Although some recommendations in this report would require legislative change, many of them would be susceptible of consideration and articulation in an ALI project.

It bears noting that numerous key principles of copyright law originated with the courts. For example, Justice Story's famous decision in *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841) is often cited as the origin of the fair use doctrine, which the courts continue to refine and apply even following its codification. The U.S. Supreme Court has shaped the law with regard to the quantum of originality required to support copyright protection in a work of authorship. *See, e.g.*, *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991) (O'Connor, J.); *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903) (Holmes, J.). Courts have also been called upon to interpret what constitutes copyright subject matter. *See, e.g.*, *Kelley v. Chicago Park District*, 635 F.3d 290 (7th Cir. 2011) (garden not copyrightable). Standards for judging infringement are also common law developments in copyright law. *See, e.g.*, *Computer Associates Int'l v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992).

Coordination with Other Institute Projects

A Principles of Copyright project will also enable the Institute to build on and coordinate the effort with other relevant and important projects it has undertaken and that have contributed meaningfully to the sound development of intellectual property rules:

RESTATEMENT (THIRD) OF UNFAIR COMPETITION (1995) addresses trademarks, trade secrets, and the right of publicity and includes discussion of their interaction with patent law and copyright law.

INTELLECTUAL PROPERTY PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES (2008), whose reporters—Rochelle Dreyfuss, Jane Ginsburg, and François Dessemontet—are prominent intellectual property scholars, concentrates on jurisdiction, choice of law, and judgments; it does not substantially address the underlying principles of copyright law envisioned for this proposed project.

PRINCIPLES OF THE LAW OF SOFTWARE CONTRACTS (2010) addresses preemption, public policy, and unconscionability issues, among others, and the role of courts in the software contract context, which could be built upon in the copyright context.

At least four ALI projects have also addressed federal/state common law issues with respect to intellectual property, including copyright:

The RESTATEMENT (THIRD) OF UNFAIR COMPETITION addresses the intersection of federal trademark law and state law and also addresses intersecting statutory and common law issues on trade secrets. It also provides useful materials on remedies and explanatory comments on the relationship of copyright to other relevant laws and on preemption.

PRINCIPLES OF THE LAW OF SOFTWARE CONTRACTS addresses the federal/state balance and presents legal principles to provide clarity in disputes involving state contract and commercial law and federal intellectual property law.

PRINCIPLES OF THE LAW OF AGGREGATE LITIGATION (2010) addresses—although briefly—the intersection of the class action problem with the statutory damages problem; further explication, with reference to the aggregate litigation project, would be useful to courts and lawyers (both in raising the due process and fairness issues before the court and in counseling their clients about class action exposure and the pros and cons of potential settlement).

RESTATEMENT (THIRD) OF RESTITUTION AND UNJUST ENRICHMENT (2011) includes a section discussing the application of restitution principles in the context of intellectual property rights and statutory law.

The Institute's continuing interest in intellectual property matters was also evident during the Institute-sponsored conference on February 21, 2013, at Georgetown University Law Center, which brought together a select group of judges, lawyers, and professors (including me) to discuss the ways in which copyright law and patent law intersect and borrow from one another. Because there continues to be considerable confusion in the law currently about whether or to what extent copyright and patent protection can be available for the same intellectual creation (e.g., data structures of computer programs), an ALI copyright project could address this important issue as well. This issue is currently being hotly litigated in the *Oracle v. Google* case, which is currently pending before the Court of Appeals for the Federal Circuit (the trial judge having opined that the Java APIs that Google copied may be patentable but cannot be protected by copyright law, a proposition that Oracle strongly challenges).

A Principles of Copyright project would be readily susceptible to coordination with other ongoing or future Institute projects. For example, if the Institute pursues a project on federal preemption or on patent law, the analysis and insights gained from a copyright project would be useful.

In the absence of an Institute project, courts, practitioners, and scholars are left to rely on their own interpretation of relevant statutes and cases, as sometimes supplemented by treatises and law review articles. No matter how carefully written, however, such supplementary sources, do not reflect both the objectivity and independence and the thorough process that the Institute brings to its projects. For example, one of my articles describes a famous treatise's misinterpretation of a seminal copyright case and its decades-long influence on lawyers and judges. See Pamela Samuelson, *Why Copyright Law Excludes Systems and Processes from the Scope of Its Protection*, 85 Tex. L. Rev. 1921 (2007), available at <http://www.law.berkeley.edu/php-programs/faculty/facultyPubsPDF.php?facID=346&pubID=175>).

In other scholarly writings, I have tried to contribute to the sound development of U.S. copyright law on other specific issues. Most recent is my article, *The Quest for a Sound Conception of Copyright's Derivative Work Right*, 101 Geo. L. J. 1505 (2013). It explains why this right is narrower in scope than some courts and commentators have realized and it criticizes several decisions that have given an overbroad interpretation to this right. It offers guidance about how far the right should extend. Another example is *Statutory Damages in U.S. Copyright Law: A Remedy in Need of Reform*, 51 Wm. & Mary L.

Rev. 439 (2009) (with Tara Wheatland). It demonstrates that courts have failed to develop guidelines to ensure that awards of statutory damages for copyright infringement are “just,” although the statute directs that they should be so; under the current confused state of the law, egregiously excessive awards are possible and have occurred. I have also tackled the subject of fair use, a subject that is ripe for systemization in a coherent set of principles that can be understood and applied by judges and practitioners. *Unbundling Fair Uses*, 77 Fordham L. Rev. 2537 (2009). While I and others will continue to pursue scholarship that aims to reform copyright law, such efforts, as I well understand, are not going to have the impact on the law that an Institute project could have. (The articles are available online at <http://georgetownlawjournal.org/files/2013/09/Samuels.pdf>; <http://scholarship.law.wm.edu/cgi/viewcontent.cgi?article=1011&context=wmlr>; <http://www.law.berkeley.edu/php-programs/faculty/facultyPubsPDF.php?facID=346&pubID=193>.)

An Institute Project Could Also Provide an Analysis and Framework for Other Reform Projects

Not only would an ALI copyright project demonstrate the Institute’s continuing leadership in clarifying and simplifying the law now, but it could also provide an invaluable and timely analysis and framework for other reform efforts that are currently under way, both in this country and internationally. Given the reform activity that has been initiated recently, it would be particularly useful and timely for the Institute to contribute to and influence developments.

In the United States, for example, several recent events reflect the growing and pressing sense that the current copyright law is under considerable stress and needs to be fixed:

- On March 4, 2013, Maria Pallante, Register of Copyrights of the U.S. Copyright Office, delivered the Manges Lecture at Columbia University, entitled *The Next Great Copyright Act*, in which she articulated the need for copyright reform. Register Pallante outlined several objectives for that reform and identified issues that need to be addressed. (The text of her lecture is available at http://www.copyright.gov/docs/next_great_copyright_act.pdf.)
- Later that month, on March 20, 2013, Register Pallante testified as the sole witness before the House Judiciary Subcommittee on Courts, Intellectual Property and the Internet, restating her call for updates to U.S. copyright law. (Hearing materials are available online on the House site at http://judiciary.house.gov/hearings/113th/hear_03202013.html.)
- A month after Register Pallante’s congressional appearance, on April 24, 2013, Representative Bob Goodlatte, chair of the House Judiciary Committee, announced the initiation of a comprehensive review of U.S. copyright law. (Rep. Goodlatte’s press release can be found at http://judiciary.house.gov/news/2013/04242013_2.html.) Noting that “[t]here is much work to be done,” Rep. Goodlatte announced a series of hearings in the coming months.
- On May 16, 2013, the House Judiciary Subcommittee on Courts, Intellectual Property, and the Internet held its first hearing on copyright reform, entitled “A Case Study for Consensus Building: The Copyright Principles Project.” I and four other CPP members testified on the need for copyright reform and answered questions from attending representatives. (Hearing materials are online on the House site at http://judiciary.house.gov/hearings/113th/hear_05162013.html.) A second round of hearings, focusing on the roles of content industries and innovative technology, was held on July 25 (http://judiciary.house.gov/hearings/113th/hear_07252013.html) and August 1, 2013

(http://judiciary.house.gov/hearings/113th/hear_08012013.html). Additional hearings are expected to be scheduled later this year and into next year.

- On June 6, 2013, the Subcommittee heard further testimony involving copyright law. In a hearing to consider H.R. 1123, the Unlocking Consumer Choice and Wireless Competition Act, sponsored by Rep. Goodlatte, the subject was Section 1201 of the Digital Millennium Copyright Act of 1998, which prohibits certain circumvention activity, such as cell phone unlocking, unless the Library of Congress in its rulemaking authority expressly exempts it. (Hearing materials are available at http://judiciary.house.gov/hearings/113th/hear_06062013.html.) On July 31, the Judiciary Committee approved the legislation, which moves next to the House floor. Similar legislation is pending in the Senate.
- The National Academies' Board on Science, Technology, and Economic Policy (STEP) appointed an ad hoc committee to consider the current state of research and to offer recommendations on expanding and improving research on copyright and its impacts on innovation in the digital environment. On May 2, 2013, STEP issued the resulting report, entitled "Copyright in the Digital Era: Building Evidence for Policy," outlining a research agenda to inform copyright policy and reform choices. (The report is available online at http://www.nap.edu/catalog.php?record_id=14686.)
- In July 2013, the Department of Commerce Internet Policy Task Force (IPTF) issued its green paper on Copyright Policy, Creativity, and Innovation in the Digital Economy. (The paper is available at <http://www.uspto.gov/news/publications/copyrightgreenpaper.pdf>.) It provides an overview of the state of copyright law with regard to online digital works and points to copyright issues that the government and private sector are addressing, as well as issues that courts are currently engaged in interpreting, including remedies, the meaning of "public performance" for video streaming, the scope of the distribution right as to online works, and applying contract terms to new uses. Outreach efforts to solicit public comments and organize roundtables are under way.

The above developments primarily reflect initial steps of discussion and research leading to possible legislative change. While congressional efforts to improve the Copyright Act—whether in the form of minor statutory amendments or a more substantial overhaul—may be a welcome and beneficial development, it will almost certainly be a long and contentious process, particularly given the relatively few number of bills passed by the 113th Congress. Register Pallante in her Manges Lecture described the complexity of the law and the complex range of views of interested parties, not least of all including the public, in noting generally that "Congress has moved slowly in the copyright space."

Because a comprehensive reform of the statute is unlikely to happen any time soon, it is all the more important that aspects of U.S. copyright law that rely on judicial interpretation, such as fair use and secondary liability, are clarified through something like an Institute project. An Institute project such as the one I envision would emphasize principles that courts can use without any need for amendment of the Copyright Act or other federal legislation. Indeed, the principles articulated in an Institute copyright project would provide guidance to future legislators and policymakers as well as judges.

Turning to the international front, there is considerable interest in copyright reform throughout the world. Hence, it might be possible for an Institute copyright project to influence the evolution of copyright law

beyond U.S. boundaries. Here are a few examples of significant copyright reform activities taking place in the international arena. The WIPO-administered Marrakesh Treaty (text available at http://www.wipo.int/edocs/mdocs/copyright/en/vip_dc/vip_dc_8_rev.pdf), signed by fifty-one countries on June 27, 2013, commits nations to create a copyright exception to improve access to published materials for the visually impaired. The Enterprise and Regulatory Reform Act, with provisions to modernize the UK copyright regime, obtained Royal Assent on April 25, 2013. (The UK copyright provisions are available at <http://www.legislation.gov.uk/ukpga/2013/24/part/6/enacted>.) In parallel is a call by the European Commission to review and update the EU copyright framework (see the press release at http://europa.eu/rapid/press-release_MEMO-12-950_en.htm). There is an increased call not only for the modernization of copyright laws but also harmonization across borders. The Institute has long been recognized for its international influence, and it is the logical choice to head a copyright law project that holds the promise not only of clarifying and simplifying U.S. law but also fostering sound principles in other countries.

Resources for a Copyright Project: Financial, Academic, Institutional, and Educational

Undertaking a copyright reform project will require a significant commitment of time, money, and effort. Independent of its own resources, the Institute should be able to raise the appropriate funding for the project. The STEP Board, for example, was able to raise money for its copyright study. I would be glad to help with fund-raising efforts for such a project if the Institute thinks that would be helpful.

An Institute Principles of Copyright project will attract leading judges, scholars, and practitioners to serve in various relevant capacities. There are many ALI members who can help with sources of names for reporters, advisers, and liaison members and I would be glad to make suggestions if you would like them. I expect also that many members of the Institute would be interested in serving on a members' consultative group for the project.

The Reporter or Reporters, the Advisers, and the Institute should be able to engage and draw on significant law school resources. These include, to give just a few examples, the Berkeley Center for Law & Technology at Berkeley Law (BCLT, <http://www.law.berkeley.edu/bclt.htm>), of which I am a Director and which has hosted important copyright events such as a conference commemorating the 300th anniversary of the Statute of Anne, a conference on orphan works and mass digitization, and a conference on copyright formalities; the Center for Internet and Society at Stanford Law School (<http://cyberlaw.stanford.edu/>), which concentrates on public policy issues such as copyright and fair use; and the Berkman Center for Internet & Society at Harvard (<http://cyber.law.harvard.edu/>), which focuses on cyberspace issues through projects and initiatives such as the Digital Public Library of America.

There are additional organizations that could provide potential liaison and other support to the project. They include: The National Academies, especially the Board on Science, Technology, and Economic Policy (STEP); the Copyright Society of the USA; the Federal Judicial Center; the American Bar Association Section on Intellectual Property Law; the American Intellectual Property Law Association (AIPLA); and the World Intellectual Property Organization (WIPO), among others.

An Institute project on copyright reform is well-suited for coordination with continuing legal education programs, especially those sponsored by the Institute. I am confident that lawyers would welcome webinars on various current and practical issues, for example, to name just four: fair use; remedies, especially the considerations affecting the choice between equitable and monetary relief; federal preemption; and the intersection of patent and copyright issues (a topic that would build on the Institute's recent conference).

Conclusion

The time is ripe for bringing normative clarity to copyright law. Significant reform can be accomplished by courts, in addition to reforms that Congress and international legislative bodies may consider. As I stated in my Harvard Law Review essay, the American Law Institute is the institution most capable of taking on such a significant law reform project that would bring greater normative clarity, predictability, and balance to U.S. copyright law.

I have shared a draft of this letter with several ALI members to see whether they would be willing to support the idea of an ALI Principles of Copyright project. Appellate court judges Margaret McKeown and Richard Posner, practitioners Ian Ballon and Michael Traynor, and Professors Robert Berring (Berkeley), Dan Burk (UC Irvine), Robin Feldman (Hastings), Jeanne Fromer (NYU), Dorothy Glancy (Santa Clara), Eric Goldman (Santa Clara), Wendy Gordon (Boston University), Timothy Holbrook (Emory), Mark Lemley (Stanford), Harvey Perlman (Nebraska), Arti Rai (Duke), Christopher Sprigman (NYU), and Jason Schultz (NYU) responded by expressing support for this idea.

I would welcome the opportunity to visit with you to discuss a possible project and would be pleased to arrange a visit in Philadelphia or elsewhere in the East at a mutually convenient time. Please let me know if there is any other information that would be helpful to move this idea forward.

Thank you for your time and attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pamela Samuelson", with a long horizontal flourish extending to the right.

Pamela Samuelson
Richard M. Sherman Distinguished Professor of Law

cc: Roberta Ramo, President
Michael Traynor, President Emeritus
Stephanie Middleton, Deputy Director

encl: *Is Copyright Reform Possible?*, 126 Harv. L. Rev. 740 (2013)
The Copyright Principles Project: Directions for Reform, 25 Berkeley Tech. L.J. 1175 (2011)