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Conference (2022)

Fordham Intellectual Property Law Institute

4-22-2022 11:50 AM

6D Copyright Law, Competition & Trademark Law Session. U.S. Copyright Developments

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Recommended Citation

Shapiro, Michael S.; Carson, David O.; Amer, Kevin; Simmons, Joshua L.; Pariser, Jennifer; and Aistars, Sandra, "6D Copyright Law, Competition & Trademark Law Session. U.S. Copyright Developments" (2022). *29th Annual Intellectual Property Law & Policy Conference (2022)*. 17.

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Emily C. & John E. Hansen Intellectual Property Institute

**TWENTY-NINTH ANNUAL CONFERENCE
INTERNATIONAL INTELLECTUAL PROPERTY
LAW & POLICY**

Friday, April 22, 2022 – 11:50 a.m.

**SESSION 6: COPYRIGHT LAW & COMPETITION LAW
6D. U.S. Copyright Developments**

Moderator:

Michael S. Shapiro

U.S. Patent and Trademark Office (USPTO), Alexandria

Speakers:

David O. Carson

U.S. Copyright Office, Washington, D.C.

The Copyright Claims Board is About to Open its Doors

Kevin Amer

U.S. Patent and Trademark Office (USPTO), Alexandria

***Unicolors v. H&M Hennes & Mauritz: When Is a Registration Inaccuracy
Provided “Knowingly”?***

Joshua L. Simmons

Kirkland & Ellis LLP, New York

Are We All Textualists Now? “Communicating” a “Display” to the “Public”

Panelists:

Jennifer Pariser

Motion Picture Association, Washington D.C.

Sandra Aistars

Antonin Scalia Law School, George Mason University, Arlington

* * *

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MICHAEL SHAPIRO: My name is Michael Shapiro. I am with the US Patent and Trademark Office, the Office of Policy and International Affairs. It is my delight to be the moderator of this panel, U.S. Copyright Developments. I think my first task is simply to introduce our distinguished panel. I'll turn to that right away. First, we have David Carson, who is the copyright claims officer at the US Patent and Trademark Office. Then we have Kevin Amer who is director of the copyright team at the US Patent and Trademark Office. I'm also pleased that Josh Simmons from the firm of Kirkland & Ellis is able to join the panel with us.

Rounding out the panel, we have Jennifer Pariser, I hope I have that right, Motion Picture Association in Washington, DC, and Sandra Aistars at the Antonin Scalia Law School, George Mason University. I think we have a potpourri of topics today. Given that, my recommendation is that we proceed in course and take questions immediately after the presentation rather than save them up for the end. Is that agreeable to everyone? Hearing no objection, I turn the floor over to David Carson who will basically tell us how he is earning a living these days.

DAVID O. CARSON: Thank you, Michael. One small correction. While I was once a colleague of yours at the US Patent and Trademark Office, I am now at the US Copyright Office, which is where the Copyright Claim Board resides. You just fell into old habits there, I think. Everyone, I'm very pleased to be here to talk about the Copyright Claims Board or CCD, which will be opening its doors in a few weeks. I can't give you a precise date but it's coming very--

The CCB was created pursuant to a law that was enacted in December of 2020 called the CASE Act or the Copyright Alternative in Small-Claims Act, which directed the US Copyright Office to establish the CCB as an alternative forum in which parties may voluntarily seek to resolve certain copyright claims. While there's a very long history to how the CASE Act came about, I don't have time to get into that. I at least can tell you why we have a CASE Act. It was basically designed to address a problem that I think a lot of people recognize for quite some time, that if you have a copyright claim that is of relatively low value, as a practical matter, there's probably nowhere you can go to get your dispute resolved.

Up until now or up until a few weeks from now, the only place you can go to resolve a copyright dispute is federal court. That's not cheap, it takes a long time, there's a lot of process involved, and for many litigants, it simply isn't worth it, either because they can't afford to hire a lawyer to represent them, and if you're representing yourself in federal court, you're going to have a very difficult time in most cases, or the value of the case is less than the amount of money they'd have to spend to litigate it. As a practical matter, many, many litigants are simply priced out of the system.

The Copyright Claims Board is an effort to come up with a forum where people can actually get those claims adjudicated, and can do so at a relatively low cost with much less process and can even do it themselves. That's the idea and that's what we're trying to come up with and offer to the public. After the CASE Act was passed in December 2020, the Copyright Office immediately started to implement it. It's done that in a number of respects. First of all, with a number of rulemakings. You can see our implementation tracker on the side there of the

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slide, which shows you what we've been doing so far. The rulemakings are bottom half of that.

We published five notices of proposed rulemaking. In a moment, I'll show you a slide and we'll talk about the specific ones that have come out now. We have one left to come, which is our major one on active proceedings. That's a few weeks away. Once that's published, then it'll be a couple of weeks and we'll open up our doors. I can't tell you when yet, but it's coming soon. We have hired eight full-time staff members that includes three copyright claims officers, as we're called, rather prosaic name. Among us, we have almost a century of experience in copyright matters. We think we've got a pretty good group of people who can give you a fair and impartial hearing.

We know not everything, perhaps most of the things there is to know about copyright, so it's going to be a rare issue where people come up or a case where people come up with issues that we're not somewhat familiar with at least. That's one of the benefits, I think, of the Copyright Claims Board. If you're in federal court, you're going to draw a judge. You may or may not have ever had a copyright case before, or you're going to go before a jury, which is going to be pretty ignorant with respect to copyright. You're going to get here a panel of people who actually understand the law.

That may or may not be good for you depending on your case, but at least, you're going to get a decision by people who presumably know what they're doing. We've been working on the technology, which will have a built-in electronic Copyright Claims Board where you can participate virtually and file claims virtually. When I say we're opening our doors, they're virtual doors. We have nationwide jurisdiction, but you will never come into our offices. It's all online which makes nationwide jurisdiction a lot easier to deal with. We're developing a lot of educational materials. Our website has already launched. I'll show it to you in a moment and more will be to come as we head toward the launch.

Let's move on to the next slide. Here's an overview of what we can and can't do. In contrast to federal court where you can get however much you can prove in damages, potentially millions of dollars if that's what you can prove, and where you can get up to \$150,000 in statutory damages, you can get much more modest relief before the CCB. You can get total damages of \$30,000 in one proceeding no matter how many claims brought. Statutory damages limited to 15,000 per work. That's 10% of what you might get in federal court. We have a streamlined discovery system, virtual hearings and conferences, as I said.

We only have three kinds of claims; copyright infringement, claims for declarations of non-infringement, and claims for misrepresentations in DMCA takedown notices and counter-notification. Most importantly, the CCB is a voluntary forum. Neither party is going to be forced to litigate in the CCB. Obviously, if you're the claimant, you choose to come to us or you choose to go to federal court. If you're the respondent, you have an absolute right to opt out and you can do so up to 60 days after you have been served with the claim.

Here's an overview of how we have implemented the rules. This is a brief summary of the topics we have covered. Starting last August, we had a

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rulemaking on expedited registration procedures. One that, by the way, we just revised with a few tweaks today. Nothing major but we're taking a look at if you're interested in that process. We launched our designated service database of rulemaking last month along with procedures for a blanket opt-out for libraries and archives. No time to talk about that, but if you want to get into that in the discussion, happy to do so.

A big one on initiating proceedings and related procedures last month as well, followed by one on representation by law students, and representation of business entities, which was earlier this month. Then the major one coming soon on active proceedings, which covers everything that happens once you're past the opt-out period and you have a lot of proceeding once everyone is involved. Let's move to the final slide, which just shows you a shot of the ccb.gov website, which is where you can go for information about the CCB. As you see there, a couple of things just to point you to.

If you click on start or access a claim right now, you're not going to go anywhere, but once we open our doors, that will take you to the electronic Copyright Claims Board where you actually can file claims and look at dockets, and ultimately, look at our final determinations once we get to that point, and file all the other papers that you would also be filing in a claim. Service will also be accomplished through the eCCB. Another thing to point you to is the Copyright Claim Board handbook, which we're working on right now. We'll have at least the early chapters, the ones you absolutely need, up by the time we launch. That's going to be a plain English explanation of how to navigate the CCB.

If you read our regulations, you know they're written by lawyers, and sometimes they're not the most accessible to understand. The CCB is going to translate that into English. We're very far along in some of our chapters and our next step for them is going to be to send them over to our Office of Public Information and Education where they can translate it into English from the lawyerly language we've drafted it in, although we've tried to make it plain English in the first place. We're hoping it will be a very accessible and very understandable system. With that, my time's up, so we move on to the next point.

MICHAEL SHAPIRO: That's terrific. I know our panelists do have some questions so I will leave it to them to take the floor sequentially and begin to grill David. Who would like to go first? Sandra.

SANDRA AISTARS: I'll jump in and start the so-called grilling, Jenney, if you don't mind, since this is a matter that's near and dear to my heart as somebody who has advocated on behalf of individuals and small businesses in the arts for a number of years. First, I want to congratulate David and all of his colleagues for all of the hard work the Copyright Office has done in this space, and for the incredible work that they're doing now to get the CCB launched and working within the aggressive deadlines that the CASE Act legislation sets.

One thing that I want to sound a little note of caution about is that looking at the rules—I know the big one is still coming as David warned us—I worry a little bit that the office may be doing maybe too ambitious of a job. That the rules will be difficult not just for *pro se* parties to navigate but also, speaking as somebody who works with students who are really hoping to represent parties

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under the law school rules before the CCB, I'm a little worried that it will be difficult for clinics to obtain permission from our respective law school deans and administrators of various types to take on clients before the CCB if the rules end up being too complicated, and as complicated as initial indications suggest.

That's because, obviously, the more complex the rules are, the more opportunities there are for students to make mistakes. The administrators sometimes figure the risk might be not worth it for the educational experience, especially if the risk is in making mistakes on administrative matters and the students spend all their effort trying to get it right on procedural, administrative rules, which are important, of course, but the students in an Arts & Entertainment Advocacy Clinic have signed up to be taught how to counsel and represent clients on copyright issues, and hopefully, maybe the mediation and the negotiation that goes along with that.

I know you've indicated in your comments, and maybe elsewhere too, that there'll be guidance from the Copyright Office to help with these matters, and that the guidance documents won't be as complex and they will be additional, independent, documents. That actually makes me more nervous rather than less because I'm a little worried that agency guidance documents are the sorts of things that prompt judicial challenges regarding agency authority to act. I am concerned that perhaps the law isn't that clear on what constitutes a guidance document versus something that needs to go through notice and comment. I wonder how you'll respond to my worries on those points.

DAVID O. CARSON: Sure. Thanks, Sandra. I think most of your concerns that you've expressed so far probably relate to what's going to be in the upcoming active proceedings regulation. As you know, there's not a whole lot I can say about that because it is in process. I actually can't tell you what's going to be in it because it's not finalized although we were in a very bad stage with it, but there's still a lot of stuff influx in it in any event. Even if I didn't know it was going to be in it, my lips are sealed until it's out. There's only so much I can say. What I can say is what you just said has been said in comments by a number of commenters who submitted them to us. We read those comments, we take them seriously.

We're going to do our best to make the system as accessible and easy to use as we can. A lot, I think, of what was in the notice of proposed rulemaking and some of which may survive in the final rule is dealing with contingencies because a lot of what you find in those rules is if this, then that. In most cases, the this isn't going to happen so you don't have to get to the that. You got to plan for contingencies.

It's not as though everyone in every case is going to have to deal with every single regulation, but you've got to deal with those in the first place just in case something happens. With respect to the handbook, the handbook, as best as we can, it's going to be a translation of regulatory text into plain English. It's going to have examples just to help people understand what we mean, but it's not intended to supersede or override what's in the regulations, obviously, it's just an attempt to try to make things easier. I guess everyone will be the judge of how well we do on that once it's out, but that's the notion of the handbook.

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JENNIFER PARISER: I guess I have a somewhat more high-level and conceptual issue with CCB. We certainly applaud the Copyright Office and all the work it's done on this. The work, honestly, has been astounding with-- What is it? Six different sets of rulemakings and comments and reply comments and writing rules and rewriting rules. It's huge. We completely support the idea of a copyright claims board that will hear small claims, but I think our notion of what this was going to be when we advocated for a small claims copyright tribunal was that it would literally be a copyright analog to small claims court where one can go to prosecute their small claim.

Typically, you show up, there's no discovery, you might hand up a couple of pieces of paper, the other side might do the same. Each side makes their argument verbally to the presiding officer and a judgment is issued on the spot. Copyright is complicated. No one knows that better than all of us, but I think the idea was this was supposed to be a little bit more streamlined. Of course, the final rules have not been issued on discovery, but unless there's a complete re-envisioning of the whole process from the proposed rules, we have some concerns.

As people probably know, there's two tiers. There's what I'll refer to as small claims of \$5,000 or less, and then claims above \$5000 up to \$30,000. Both of them have substantial discovery envisioned for the claim. Small claims can't have extra discovery beyond standard, but even the standard discovery is what I think a lot of people would consider fairly sturdy set of discovery obligations. Then in the larger claims, honestly, it's a complete document production calling for literally everything that can relate to the claim, everything that can relate to damages. It's quite extensive.

There are interrogatory requests. Possibly depositions, although that is not envisioned for the typical case. We look at this and at the end of the day see a set of discovery obligations that is going to make the cost of litigating in this forum nearly as expensive as going to federal court. That's going to be a challenge, I think, both for claimants and respondents. I think it really remains to be seen whether this forum is going to present an attractive alternative for litigants given that, but we're hopeful. We're here to support it whatever it looks like, but fingers crossed that the discovery doesn't scuttle the whole affair.

DAVID O. CARSON: That's not the idea. I certainly think even if you look at what was in the Notice of Proposed Rulemaking, which is the only thing that's out there right now, the discovery that was included in that, A, it tracks what the statute talks about. We were dealing with a statute that told us about certain things that it seemed to anticipate would be included in discovery. In our view when we drafted it, we thought we were coming down with something that was pretty stripped down compared to what you'd have in federal court.

Again, that was the notice of proposed rulemaking. I can't talk about what might be in the final rule. We're dealing with a statute that seemed to tell us to do certain things, and we're dealing with our desire to make it a stripped-down system, and that's where we ended up at that point in time. Beyond that, I really can't comment.

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MICHAEL SHAPIRO: I see that Steve Tepp has a question in the Q&A. Can you read that, David?

DAVID O. CARSON: Hold it up. I'll just read it out loud because I don't have time to figure out how to summarize it. A question about the technology which he knows correctly is out of my control. I believe you don't want me designing the technology. The interface that has been described sounds like the current eCO registration application interface, which is not particularly modern or user-friendly. Do you have a sense of when the library might apply more contemporary tools such as interoperability to API tools? I can assure you that this is not another version of eCO. It's much more user-friendly. That I can assure you.

In terms of interoperability through API tools, I don't think that's something you're going to see, at least initially. Steve, I know you have worked in the Copyright Office, you know about how government works with technology. Always behind the times, for sure, and resources are always limited, so we've been moving heaven and earth just to get where we are. What will be launched when we open our doors is going to be basically a one-size-fits-all kind of a process. Whether we can open it up to API tools down the road, I certainly understand the interest and we've certainly had internal discussions about that. Beyond that, I just don't have anything more I can tell you.

MICHAEL SHAPIRO: Why don't we turn now to Kevin Amer. There may be more questions for David as we round out the discussion, but for the time being, let's shift gears to Kevin. Kevin is going to talk about Unicolors, the H&M Hennes & Mauritz. Also known as Justice Breyer's swan song. Perhaps Kevin will be able to let us know whether Justice Breyer is going out more with a whimper than a bang.

Kevin Amer: Thanks, Michael. I appreciate the-- I assume the swan song reference is a bird reference, which would be appropriate given this opinion and Justice Breyer is questioning an oral argument. I wanted to talk about the *Unicolors* case. It's been an interesting few years at the Supreme Court. From a copyright standpoint, we've obviously had a number of cases. Then, of course, coming up we have the *Andy Warhol* case to look forward to. This is a much more technical and somewhat arcane issue that was presented in *Unicolors*, but very important to copyright enforcement.

It has to do with Section 411(b) of the Copyright Act, which provides a safe harbor for applicants to include inaccurate information on a registration application. The statute says that a certificate of registration is valid regardless of whether it contains inaccurate information unless two things. One, the inaccurate information was included with knowledge that it was inaccurate, and the inaccuracy of the information, if known, would have caused the register to refuse registration. This case had to do with the first part of the statute. What does it mean for someone to include information on a registration application knowingly?

In this case, Unicolors is a producer of fabric designs and it sued H&M for infringement. The case went all the way through trial. The jury found for Unicolors, and after the verdict, H&M moved for judgment as a matter of law challenging Unicolors' copyright registration. Here's where it gets a little bit

complicated. Unicolors had registered its fabric designs under the unit of publication registration option at the Copyright Office. Under the *Compendium* at the time, it's still true today, to register multiple works under that option, all the works must have been published as a single unit. The current *Compendium* is actually more specific. It talks about that the works have to be physically bundled together.

There was some dispute about what actually happened in this case, but the important point is there was some evidence that wasn't true with respect to Unicolors' fabric designs. That some of them were offered to the public in a bundle whereas others were just made available exclusively to certain customers. The Ninth Circuit ruled for H&M and held that Unicolors had provided this inaccurate information knowingly because it was aware of the factual circumstance that the designs were not published all in a single unit. The court said essentially that it was irrelevant whether Unicolors was aware of the legal rule.

Unicolors said, "We didn't understand that there was this requirement, and we didn't understand what it meant." The Ninth Circuit said that's irrelevant. All that mattered was that they were aware of the factual circumstances, that is, that some of the designs were offered separately from the others. The Supreme Court took the case. The government submitted an amicus brief arguing for reversal, essentially arguing that the Ninth Circuit had created a distinction between factual knowledge and legal knowledge that wasn't supported in the law, that there wasn't any basis for in Section 411.

The court agreed and it held that the safe harbor in 411 applies regardless of whether the inaccuracy is based on a factual error or legal error. It went through a number of factors, [including] the ordinary meaning of the word knowledge. The court noted the fact that to complete a registration application, by statute, applicants are required to include information that touches on legal knowledge indicating, for example, whether the work has been published, whether it's a work for hire. These are legal determinations. The court also noted that the legislative history, and the government pointed this out in its brief, that just from a policy standpoint, Section 411 was--

There was not a lot of legislative history, but what history there was indicated that the statute was intended to close loopholes, and essentially that it could prevent enforcement of copyrights and avoid situations like this, frankly, where after the fact, someone could challenge a registration requiring the plaintiff to start the process all over based on an inadvertent legal error. One thing that the government, I think, was a little bit concerned about was would this rule encourage sloppiness in registration applications that could have a detrimental effect on the public record?

If the standard is entirely what the applicant subjectively knew, does that create bad incentives? The court took account of that and said normal principles of the law still apply. For example, willful blindness, if there's evidence that the applicant was willfully blind to an applicable legal requirement, that can be evidence of that they actually were aware of the requirement.

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Similarly, other circumstantial evidence may undercut their claim that they were not aware. The complexity or obviousness of the rule, the court said that that would be relevant. The court didn't land on a knew or should have known standard, but it did account for the possibility that circumstantial evidence or willful blindness could be relevant in assessing the applicant's actual knowledge. I think my time is up, so I'm happy to stop there and take any questions.

MICHAEL SHAPIRO: Great. I think the panelists certainly do have some questions. Who would like to go first?

SANDRA AISTARS: I definitely have questions, but I don't want to step on Jenny's toes.

JENNIFER PARISER: All right, Sandra. I'll come after you.

SANDRA AISTARS: My question, again, comes from the clinic practitioner's perspective. I'll follow on where Kevin left off, which is you don't want to introduce sloppiness into the registration record, but on the other hand you don't want to unfairly penalize artists or unsophisticated parties who misunderstand highly technical matters in the history and legislative record of a provision. I was watching this case with interest and wondering where are we going with this opinion as I was reading it. My thinking as I finished reading it was does this raise the bar on practitioners as a whole and on students in particular? If an artist makes a mistake doing a registration pro se, is that one thing? But are we going to have a higher standard for all others? And won't that in itself introduce confusion into the registration record?

If we're going to have a different standard for artists doing their registrations, and maybe a higher standard for practitioners or students representing them through clinical practices, I guess the other thing that I was thinking as you were describing the facts of the case, you referred to the *Compendium* which, of course, is a guidance document —

If it's not clear to somebody as they read the *Compendium*, what the rule means, or if the *Compendium* changes over time, how should that affect our thinking and analysis under this rule that the Supreme Court has announced? Not to put too fine a point on it - but I am worried you might be suggesting that an error in the *Compendium*, or a misreading or change of the *Compendium* could potentially affect an artist's property rights.

Kevin: It's a good question. I don't know that it's entirely clear from the opinion. I do think it is true that the sophistication of the parties is going to be relevant under the court's standard. To the extent that there is evidence that the applicant was represented by counsel, for example, when they filled out their registration application, I would imagine that would go towards a determination of whether they are deemed to have known what the relevant rule was at the time they filed.

It's an interesting evidentiary question. All of these cases are going to require going back to the circumstances that existed maybe many years before when the application was completed, what the applicant subjectively knew or didn't know at the time. I take your point, I think it remains to be seen how the standard may differ in the case of pro se applicants versus those who are represented by counsel.

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SANDRA AISTARS: If I can just say one tiny little thing, the reason why I insert not just pro se versus counsel, as a consideration in terms of the sophistication of parties, but pro se versus clinic students versus counsel, is I think there's a difference to keep in mind, because the whole purpose of having a clinical program in law school is to have students learn by doing and also not to have the professor replace the student's work with the professor's own work. You're going to get something that's in-between pro se and experienced counsel work from a student. You're going to have a student with some law school training, plus the guidance of the professor and, hopefully, extra motivation of the student, but you can't pretend that you're going to get exactly what you'd get if you went to the professor. I wonder how you sort that out anyway.

JENNIFER PARISER: Just following up on what Kevin just said about how it's going to basically invite an examination of what was in the filer's mind and it might be many years previous, et cetera, et cetera, Even if all that stuff is at hand, doesn't it mean that every case where this becomes disputed issue cannot be resolved on a motion to dismiss and everything has to go to summary judgment at that point? We are supportive of this decision and think it's the right one, but there are some collateral damage that it's going to do to the streamlining of copyright cases. Unfortunately, when you erase bright-line rules, everything gets a lot harder.

Kevin: I think that's right. The procedural aspects of how this is supposed to work are a little confusing, to be honest. The second part of the statute that I mentioned talks about if the register would have refused registration, and then in 411(b)2 it talks about how, in any case where such an inaccuracy is alleged. One question, I think, for the Copyright Office for a long time has always been does that mean that anytime there's just a bare allegation of unknowing inaccuracy in a registration, that triggers the obligation on the part of the court to refer the matter to the Copyright Office? That doesn't seem to make sense.

The court's opinion seems to contemplate, I think, something like what you're describing, which is that before that referral takes place, it would seem to make sense for the court to have an evidentiary hearing to determine whether in fact there was unknowing inaccuracy. One that's determined, then you take the next step of referring it to the Copyright Office to see if it would have made a difference in the registration decision.

MICHAEL SHAPIRO: Terrific. Just to note what this case is about, factual inaccuracies, but also to note what the case avoided. That is the underlying question of what is a single unit of publication. I suppose we'll have to wait another day for the court to opine on that huge topic. No comment. [chuckles]

Kevin: Oh, yes. I'm sure that they'll have to come after the Warhol case and transformative use.

MICHAEL SHAPIRO: Fair enough. I think if we've exhausted Kevin's topic, we can now turn to Josh Simmons, who will draw our attention to the ever-important server test and throw some light on its legislative history.

JOSHUA L. SIMMONS: Great. Thank you. I'm going to share a couple of slides because being a litigator, I can't talk without slides. That's one of the things that happens as you litigate cases. This is the server test. For those who are with

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us who may not be familiar, this was something developed in the Ninth Circuit as a way of dealing with a situation where you had images online in the virtual environment, you don't know where those images are coming from.

The Ninth Circuit basically said, in order to violate the American display right, you had to actually have possession of a copy of the image that you were showing to your website users. If you didn't have possession, you might have a contributory infringement claim but you wouldn't have a direct infringement claim against that entity. I can show you a little bit just visually what that involves.

This is the *Perfect 10* case. Perfect 10 was a nude modeling company or is a nude modeling company. As much as I would like to show you visual images from the case, I'm going to eschew that decision and instead show you pretty pictures of dogs. This is actually an image of what the Google Search engine looked like at the time of the case. You would have all these images which were from Perfect 10's website. There were two issues. One had to do with the search engine itself and one had to do with larger format images.

The images that were in the search engine results were an easy question on the display right perspective because with Google server, there would be a request from a user's browser. It would return some HTML, hypertext markup language, and you'd get them and say, "Okay, the images are on Google server, we will return them," and the court said, "Well, that's easy." That's a display right issue, but found fair use, which we're not going to talk about. What the court found more difficult was when Google was displaying these larger format images, it didn't want to deal with that through a fair use lens and so instead, pointed out that technologically there's still the request to Google servers, but where the images that were being displayed full screen were coming from was actually Perfect 10's own servers. They were returned and you'd get these big images of, in my example, dogs, and the court said, "that is something different, that's not the display right."

What we're seeing now is a number of courts in New York and in Texas saying, "This does not make sense." This distinction that the court is trying to draw doesn't make sense, and they're doing it in the context of embedding, which is essentially the same, the case that's currently up at the Ninth Circuit, we're going to start seeing briefing next month, *Hunley vs. Instagram, LLC* involved websites that Instagram allows embedding of photographs that were uploaded to its website. You have the same structure. You go to a third-party publisher website where these photographs are embedded, then you get the picture directly from Instagram. Instagram wouldn't be liable because you uploaded them, they have a license, but so goes the argument that the people who were doing the embedding on Instagram with Instagram's health, did not have a license and so the whole case rested on the server test.

What I thought was interesting as I was thinking through these issues is in both sets of cases, the Ninth Circuit cases and the New York and Texas cases, everyone says we're doing a textualist reading of the statute. I thought what we might do with our time today is just look at what the text says. Here's the text to display. The copyrighted work publicly. We can start with what is a copyrighted

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work. We know from the statute that some rights like reproduction is the reproduction of the copyrighted work. Similarly, display is the display of the copyrighted work. You can contrast that with distribution of copies. When you talk about display, we're talking about displaying, the thing that is then fixed.

Remember, a copy is the material object, the actual physical thing, the copyrighted work that's being displayed as something that's created or the thing that is fixed. In this context, it's a photograph, but it's hard to imagine what a photograph would be absent a material object, but regardless, we can replace that in our little statutory text and say, "It's to display a photograph," but it's not necessarily the material object that is the photograph.

Then the question becomes, we're going to display it. What does display mean? Display means to show a copy, copies back, there's the copy to show a copy of it either directly or by any other device or process. You have this expansive language about what display means. Now I'll note that display has show a copy, but performance doesn't have that. The concept of copy doesn't exist in the performance de definition and will come back to why I think that's relevant in a moment. We can replace that in our little statutory text show by means of any device or process a copy of a photograph publicly, and then we can talk about what public means.

Here we've got some even more complicated texts, which the Aereo case a number of years ago addressed some of transmitting or otherwise communicating a display by any means. We can plug that right in and say, "To transmit or otherwise communicate by any means or process showing by means of that, the copy of the photograph." You have this concept of, "We're communicating something to you that's going to show somehow a copy of this photograph," and get even more complicated and talk about the fact that transmit also includes the concept of communicating and by any means of device, you end up with something more crazy like this, but perhaps that's the point is made that it's any process, any device or process multiple times across the statutory text. Let's leave that alone.

What did Perfect 10 say? Perfect 10 said that what this means is you're filling the screen of a computer, antiquated language now, but filling the screen of the computer and that you have to have the material object, Google didn't have the photographs, and so they were not displaying the work. Indeed, they talked about what Google really was doing is providing these HTML instructions that I mentioned earlier, and that those aren't the photographs. Since you're not providing the photograph, you're not infringing or violating the display right.

Now you've got all of these cases I mentioned, Texas and many in New York saying, "We reject that test." The question is, who is right on that statutory construction? The server test includes this language, not in the statute that you have to have the photograph, and those cases would say in the definition of displays by any means of any other device or process and the *Google Perfect 10* case doesn't mention that language at all, so that can't be right. If you can cause it to be shown by any device or process, then that should be the answer. The problem also comes in with the question of the copy. Yes, the statute says copy, but it doesn't say who's possessing the copy, just a copy. The courts such as the

Nicklin point out that there a distinguishing between whether I have the copy or you have it, that means that I can show a copy that you are in possession of, just as I could show you holding a photograph in your hands.

The other, I think that point they point to is in Section 109C when you actually have the ownership of a physical copy, the statutory text is actually quite clear about when you're exempting the things that are possession and when they're not. Those cases suggest you're not doing the right textual reading, you're reading into the statute, this concept of possession that's not appropriate, but they're also reading into the statute, this concept that you can show any copy and they rely on various texts. The problem is that the text that often gets relied on is things like this house report, this is all conceivable forms in each and every method, but this is about the definition of transmission, as we just said, the definition that Google's relying on is the definition of display, not transmission.

Like I said, it's to show a copy of it. What does that mean? People look to *Aereo* for some guidance and said, well, *Aereo* said it's by any means or methods, that should be our answer. In both of those situations, you just have to remember that it's to show a copy in the display context. In the performance context as I mentioned earlier, there is no copy requirement. When you look to something like *Aereo*, which was a performance case, or you look to a definition of transmission in the performance context, you're not wrestling with this statutory construction issue.

The question that is going to come up in the *Hunley* case in the Ninth Circuit, which is bound by the prior decision, so Corey whether the panel's going to overrule *Perfect 10*, but to extent that there is a circuit slip brewing, the Supreme court may take this up is who is construction do you believe? Do you think that you actually have to have possession of the copy, or is it sufficient to cause a process to be in place that results in the copy of the image being shown? With that, I'll turn it back to the panel, and we can talk a little bit about what people think of the statutory construction arguments.

MICHAEL SHAPIRO: Sure. Perhaps we'll just turn to the panelists right now to pose their questions.

JENNIFER PARISER: I guess my first question is whether we think there's-- I guess umbrella question, what is the Ninth Circuit going to do? Are they going to cabin in anyway their prior ruling in *Perfect 10*, perhaps by limiting it to search engines? Or do you think they're going to double down and say, "We actually like this ruling, and we're going to apply it in this context even though maybe we don't have to."

JOSHUA L. SIMMONS: Some of the New York cases have raised that as a potential distinguishing factor that, *Perfect 10* is in the search engine in context, we're in embedding context now there's something different. Technologically, I don't think there is a difference. The fact is the code is working the way the code is working. I think a panel could try that. It's interesting to me though, because when you read *Perfect 10*, they've really believed they're giving it a statutory textual construction. They think that's what the language in the statute says. I think a panel would have to do some either coming to terms with the facts that the statute might not say what they thought it meant or it may have to be taken on

boxed if they really wanted to reverse the Perfect 10 decision at the Ninth Circuit level.

SANDRA AISTARS: I guess when I'm looking at these cases, I keep thinking back to the origins of some of these disputes and as they started heating up, one of the early conflicts was between Getty Images and Microsoft. and concerned the image search embed widget that Microsoft was offering then with Bing and it was a widget that did the same thing. It allowed you to link images in such a way that they appeared to embed within your website a high resolution, large size image. At least what Getty was arguing then was that the tool was not being marketed as a search engine but rather a widget and it also happened to compete with a new service Getty was trying to roll out. That case ultimately settled and then Getty went on to promote its embed tool where it credited the artist and it had functions like ad sales around the image and so forth or trackback to the artist's site. Then other embed tools have followed, which have used their own business models and some rely on their website terms of service to get certain permissions from the people who use those platforms.

I think what I'm seeing at least is that there are a variety of issues that arise from the fact patterns that come up and are more likely to come up in different ways over time. I wonder whether the issue is that the exclusive rights in Section 106 that we like to say cover the making available right, that we're supposed to implement here, maybe don't actually cover the making available right as perfectly as we say that we do because if it did, then maybe we wouldn't have this issue.

As you're laying out your interpretation, I was saying, "Display what? Is a thumbnail a photograph? I don't know. Maybe it is maybe it isn't. Maybe that's the answer to the question here. I don't know." What are your thoughts? Maybe I would open it up also if Michael would agree to ask also David and Kevin who have experience in this area. I know the copyright office did a study on this a number of years back where they concluded that they didn't need to do anything further. This obviously tees this same issue up again, I would think.

JOSHUA L. SIMMONS: My reaction is you're right, a lot of this stems from some things that the actual actors are doing. There's this licensing structure where when you upload your photograph to a social media platform or really most platforms, you're giving them a license, oftentimes, that is a sub licensable license. This case, The Hunley case, was teed up because there was reports that there was no license granted. Then the third parties who were using this embed tool were not licensed.

You could solve that through industry just by saying, "Okay, we'll just take a license, and we'll give it to everyone using our tool." That ran up against what you're talking about with Getty, where the photography industry didn't like the idea by participating in Instagram, photographers, were giving up all of these rights, and there was an entire business model around, we won't license any photographs, we'll just use the ones on Instagram.

The good news for those photographers is Instagram has changed the technology so they get to now elect whether their photographs can be embedded or not. That's another industry solution. I think ultimately, the legal problem

you're pressing on is do we have a making available right? The term communicate, I didn't get into this, but comes from [Berne?] you're supposed to be able to control communication to the public and making available.

Usually, we talk about that in the context of distribution and we've got a lot of courts who don't think distribute copies means make them available. You're right if you don't have it there and you don't have it in display, you end up having some issues although the Copyright Office said otherwise. I think the copyright office's view has been adopted by some courts and not others. I suspect neither of our government representatives are going to say anything other than "Yes, the copyright office did say that." [laughs]

SANDRA AISTARS: Well, maybe the question is, does the changing landscape affect their views, because it's been years since the copyright office said that, and the landscape of litigation is changing now. We had a server test. Now, we may have a circuit split on server test applicability. We've got very different fact patterns emerging. We've got industry solutions, solving part of the problem, but not all of the problem. We've got licensing solutions being imposed through terms of service that people never read. We've got other solutions being proposed along the lines of, "Take my terms or get off the internet." What's the best solution here?

JOSHUA L. SIMMONS: From my perspective, I think that there's the text and then there's industry reaction to it. I think if you told the industry embedding was now going to lead to infringement, I hope that it would find a way to make it work, but it may not work in the way photographers want it to because there are people who want this, and they've built their whole businesses around it.

I think if you get the textureless construction that the New York courts believe in, then I think the natural reaction is for the service providers to say, "Great, we'll take your licenses. If you want to participate in social media, you're going to be giving these rights away." I don't know that that's the right normative result, and I think most photographers would say it isn't but you see the internet the way it is.

JENNIFER PARISER: Why can't everybody adopt some version of YouTube's Content ID where the copyright owner shares in the revenue stream. If they don't license, then they don't, but at least it's not give it away for nothing or don't. There is a version of this story that involves profit sharing.

SANDRA AISTARS: Well, because Content ID isn't made available to independents and small businesses.

JENNIFER PARISER: That too [chuckles].

SANDRA AISTARS: And in the instances where Content ID is made available you often hear complaints that it is used as a negotiating cudgel, where the terms of the agreement are not negotiable, artists have to sign up to additional channels they don't want to make available if they want access to Content ID to protect their work against infringement on the main YouTube platform, or use a URL by URL takedown notice model. That's, I think, how negotiations might turn out for photographers if they seek access to automated tools too.

JENNIFER PARISER: That's fair, I guess. In my head, it's a working version of content ID that is available to everybody on fair and reasonable terms.

JOSHUA L. SIMMONS: What's interesting about this is in many of these cases, the photographers, or at least, in this case, the photographers themselves are the ones uploading to Instagram. There's not a situation where you have content ID where it's an unauthorized copy uploaded to YouTube and then you're taking share in that unauthorized use. It's an authorized use on the platform, but they don't like that the platform's allowing this third party embedding or that there's this other technology.

That's a little bit of the other part of the trickiness, which is, you could elect not to upload your photographs, but then you're not participating in a really important marketplace for photographers who really want to share their work and are proud of it. Instagram is where a lot of the people who are looking at that work are going now and they're concerned about it. That's the issue.

MICHAEL SHAPIRO: Just to mention that Carlo Scollo Lavizzari has a comment in the chat. If someone would like to read it to introduce a European perspective or I can do it.

JOSHUA L. SIMMONS: Carlos says, "The CGA EU case of VJ Buildcon, K-U-N-S-T I don't know how you pronounce that throws up a related issue as to whether TPMS can be used to control display/communication to the public and found that is a legitimate, if not required control by the rights folder. Technological protection measures a DMCA anti-circumvention concept. I think we have that in the United States. The question though is in these circumstances when you upload to Instagram, you can't have your own personal TPMS so it, again, turns back to the specific situation where you're in a social media platform environment, but you're right many websites, if you have your own website, now you can have blocks that say if you're not looking at my website in the right way, don't display the images. When you're hosting images on the backend of your website, you can say, "If you're not seeing them through my website, then don't show them."

Framing doesn't really that you still run into a framing problem. The direct in-line linking, which was the issue in *Perfect 10* can now be somewhat prevented using that method and there are other technological methods you could employ, but I just back into what Sandra's going to say, which is, but how is an individual photographer going to implement all that and pay for it and prevent that use? I don't have that answer.

SANDRA AISTARS: Well, I guess my other question is, how does that not create the same problem as keeping off of Instagram creates. Aren't you just setting yourself up for not being searched and indexed by Google and other search engines. You're disappearing from the internet.

JOSHUA L. SIMMONS: Yes, you could theoretically allow Google to search you and not allow third-party websites to do it. Technologically one could do that, but it's still not ideal, and just turning back to the facts *Perfect 10*, one of the issues with Google now is its search is one either you're doing it or you can't say, "I want to be in the textual search results, but don't include me in image search. Don't include me in whatever they're doing with all this information on the backend," which I suspect is a lot more than we know. There's also that aspect of you selecting out of what.

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MICHAEL SHAPIRO: Just to note that Carlo has a response.

JOSHUA L. SIMMONS: "CJ, you had the opposite problem you need to limit somehow the display writing came up with the concept of new public." Yes, I don't know the case, so I'm not in a position to comment on that. I don't know if others have been following the EU you display right issues. We love our EU friends though.

MICHAEL SHAPIRO: That's true.

JOSHUA L. SIMMONS: If we were together in public, we'd let you jump up and tell us all about it but alas.

MICHAEL SHAPIRO: Next year in New York.

JOSHUA L. SIMMONS: Yes, exactly. At the end of Passover, it's a good phrasing.

MICHAEL SHAPIRO: That's right. All right. I sense that we may have come to a natural end. We have a few more minutes, but for those who didn't have time to get lunch before this session, they could enjoy it but I'll pause here to see if there's any final comments.

JOSHUA L. SIMMONS: One interesting thing to think about as David was talking about the CCB is there's these issues that pop up where we're debating and have I don't think we've come to an answer here among us. Are you going to be able to provide guidance to people on the thornier copyright issues, or do you turn that over to the copyright office and say, "Go look in the compendium, those guys have the answer." How does the CCV work for these really, I don't know if this is an infringement or not, issues.

DAVID O. CARSON: Well, we'll decide the issues that are presented to us and we decide them. That's one place where the statute's pretty clear that it's the board that makes the decision. We don't have to ask the register, how we're supposed to decide. In fact, in particular cases, there's a Chinese wall between us and the rest of the office so I'm not saying we're asking for authority issues and I don't think we're going to be getting them every day, but if they're presented to us, we'll do the best job we can to answer them. Now they're not whatever we say, won't be presidential, because nothing we do is presidential, but it'll be worth whatever's worth.

SANDRA AISTARS: You can refuse cases that are too complex - would you decide an issue like this where we have a difference of opinion on the correct law to apply between the circuits?

DAVID O. CARSON: Well, look, you present a server test issue to us right now. One of the things we have to figure out, I forget the exact statutory, a lot of boots, but in what court would it have been brought?

SANDRA AISTARS: Right.

DAVID O. CARSON: Essentially, if it would've been brought in California, I think we know what the answer is right now. If it would've been brought in New York, we got a pretty good idea what the answer might be, although we don't have

SANDRA AISTARS: Well, what if it could be brought in either? I live in New York, Joshua lives in California or the other way around. Those are the two most likely states in which things are going to arise, right? I'm an internet

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developer in California and Joshua is an artist in New York and we're suing each other and we come to the CCB, what are you going to do? Both venues are appropriate.

DAVID O. CARSON: Well, if you come to us, I guess you'll find out.

JOSHUA L. SIMMONS: It's going to be interesting. I think that's going to be a really telling thing or you approach it from the justice Thomas' perspective, you say first principles, right? He's articulating this view that we should just look at the text, look at the constitution, look at the text.

DAVID O. CARSON: Well, we can look at the text for sure, but if we've got binding case law and when we've got two plausible sets of case law to look at, and if it really truly is a draw as to which one is the right one. Maybe, we've got some flexibility. I don't know, but ultimately we're bound by precedent to the extent that it's finding on us.

SANDRA AISTARS: Now we want to know what your answer is to Joshua's presentation, David.

JENNIFER PARISER: We don't have a pending case so you're not required.

SANDRA AISTARS: This has nothing to do with the rules. We just want to know what your response is to Joshua's presentation.

DAVID O. CARSON: I thought it was an excellent presentation.

[laughter]

DAVID O. CARSON: Damn it, I love it.

MICHAEL SHAPIRO: Well, should we end with that comment?

SANDRA AISTARS: We all thought it was an excellent presentation, As were yours, David and Kevin.

JOSHUA L. SIMMONS: Yes.

MICHAEL SHAPIRO: Diplomatically said.

JOSHUA L. SIMMONS: The other thing I'd just say is these complicated issues come up frequently and copyright and I suspect next year will have a lot more to say for those who keep coming back and I look forward to seeing everyone in person for that.