

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 1:01-cv-1854-LTB-BNB

LAWRENCE GOLAN,
RICHARD KAPP,
S.A. PUBLISHING CO., INC., d/b/a ESS.A.Y RECORDINGS,
SYMPHONY OF THE CANYONS,
RON HALL, d/b/a FESTIVAL FILMS, and
JOHN McDONOUGH, d/b/a TIMELESS VIDEO ALTERNATIVES INTERNATIONAL,

Plaintiffs,

v.

MICHAEL B. MUKASEY, in his official capacity as Attorney General of the United States,
MARYBETH PETERS, in her official capacity as Register of Copyrights, Copyright Office of
the United States,

Defendants.

**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT
OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT**

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INTRODUCTION

Section 514 of the Uruguay Round Agreements Act (“URAA”), 17 U.S.C. § 104A, performs one essential function: it restores the United States copyrights of foreign authors who lost those copyrights years ago through no fault of their own, in some cases because they failed to comply with now-discarded formalities unique to United States copyright law, in others because the United States did not recognize the copyrights of their country of origin. In addition to this equitable benefit, the passage of § 514 in 1994 ensured that the United States would comply with its obligations under the Berne Convention for the Protection of Literary and Artistic Works – the major multilateral agreement governing international copyright relations for more than a century – and the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPs”). The consequence of failure to comply with those obligations, had the United States not enacted the URAA, could have been severe, including trade sanctions targeted at the nation’s chief areas of exported goods and an inability to ensure that U.S. authors received the same copyright protections abroad that they receive here.

Plaintiffs filed this suit in September 2001, asserting claims challenging § 514 and another statute, the Copyright Term Extension Act of 1998 (“CTEA”), under both the First Amendment and the Copyright Clause. Defendants ultimately obtained dismissal or summary judgment as to each of those claims in this Court. On Plaintiffs’ appeal, the United States Court of Appeals for the Tenth Circuit affirmed this Court’s rulings as to Plaintiffs’ Copyright Clause challenges to § 514 and the CTEA, Golan v. Gonzales, 501 F.3d 1179, 1185, 1186-87 (10th Cir. 2007), but reversed its ruling as to Plaintiffs’ First Amendment challenge to § 514, remanding the case for further proceedings consistent with its opinion, id. at 1196-97.

We now move for summary judgment. As we will explain, § 514 is a content-neutral regulation on speech that serves purposes unrelated to the suppression of speech. Chief among those purposes is ensuring that the United States complies with its international obligations under the Berne Convention and TRIPs and protecting the economic interests of United States authors and other copyright holders abroad. Accordingly, § 514 is subject to intermediate scrutiny under the First Amendment. It is clear that the Act withstands such scrutiny: it advances important governmental interests, and it does not burden substantially more speech than is necessary to further those interests. Thus, the Court should enter summary judgment in our favor.

STATUTORY AND REGULATORY BACKGROUND

Section 514 of the URAA implements Article 18 of the Berne Convention for the Protection of Literary and Artistic Works, which has been “the major multilateral agreement governing international copyright relations” for more than a century. S. Rep. No. 100-352, at 2, May 20, 1988, reprinted in 1988 U.S.C.C.A.N. 3706, 3707; see also S. Rep. No. 103-412, 2d Session, Nov. 22, 1994, at 225-226. Generally, the Berne Convention requires member nations to afford foreign copyright holders the same protections that countries afford their own nationals, see Berne Convention, Art. 5, and establishes a minimum level of protections that all members must satisfy.¹ See, e.g., id., Art. 7. By the United States’ joining the Berne Convention and adhering to its terms, U.S. authors are now entitled to these protections in 164 countries.²

¹ A copy of the Convention is available at <http://www.wipo.org/treaties/ip/berne>.

² Section 514 applies both to authors from Berne Convention countries and to authors from countries that are members of the World Trade Organization (“WTO”). 17 U.S.C. § 104A(h)(3). There are 164 Berne Convention members and 153 WTO members. The list of members can be found at <http://www.wipo.int/treaties/en/ip/berne/> for the Berne Convention and http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm for the WTO. The two groups

Article 18 of the Convention requires member countries to restore the copyrights of all works that have not fallen into the public domain in their country of origin. Specifically, Article 18 provides:

(1) This Convention shall apply to all works which, at the moment of its coming into force, have not yet fallen into the public domain in the country of origin through the expir[ation] of the term of protection.

(2) If, however, through the expir[ation] of the term of protection which was previously granted, a work has fallen into the public domain of the country where protection is claimed, that work shall not be protected anew.

(3) The application of this principle shall be subject to any provisions contained in special conventions to that effect existing or to be concluded between countries of the Union. In the absence of such provisions, the respective countries shall determine, each in so far as it is concerned, the conditions of application of this principle.

The Article further states that its provisions “shall also apply in the case of new accessions to the Union,” such as the United States, which ratified the Berne Convention in 1988. 134 C.R. 32018 (Oct. 20, 1988).

Section 514, enacted as part of Title V of the URAA³ and codified at 17 U.S.C. § 104A, implements Article 18 of the Berne Convention by restoring the copyrights of foreign copyright holders whose works: (1) remain protected under the law of the country where the work was

are largely though not entirely coextensive in membership.

³ The Uruguay Round Agreements Act, or URAA, was the implementing legislation for the General Agreement on Tariffs and Trade 1994 (“GATT”), which established the World Trade Organization (“WTO”). S. Rep. No. 103-412, 2d. Sess., Nov. 22, 1994, at 3. Title V of the URAA implements the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPs”), including Article 9 of TRIPs, which requires members of the WTO to comply with Articles 1-21 of the Berne Convention, including as the Senate report on the URAA noted, Article 18. S. Rep. 103-412, November 22, 1994, at 225. A copy of the TRIPs agreement can be found at http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm.

initially published, or in the case of non-published works, the country that the author is from, 17 U.S.C. § 104A(a)(1), (h)(6), and (2) entered the public domain due to: (a) the failure of the United States previously to recognize the copyrights of a particular nation, (b) the failure and/or inability of the author to comply with formalities of U.S. copyright law, or (c) the absence of prior subject matter protection for the work as in the case of sound recordings fixed before 1972.⁴ Id. at § 104A(h)(6). Restored copyrights expire on the date the copyright for the work would ordinarily have expired had it not fallen into the public domain. Id. at § 104A(a)(1)(B).

At the same time, recognizing that various parties may have relied on the fact that particular foreign works had fallen into the public domain, Congress enacted several protections for what the statute terms “reliance parties,” even though the Berne Convention itself contained no requirement to provide such protection. First, § 514 immunizes reliance parties for any act committed prior to the restoration of a work that would otherwise have constituted infringement. Id. at § 104A(d)(1)-(2). Second, as a condition of enforcing the copyright, § 514 requires a copyright holder to notify reliance parties of his or her intent to enforce a restored copyright, either directly through notice to the reliance party or constructively by serving a notice of intent with the Copyright Office and the notice’s subsequent publication in the Federal Register. Id. at § 104A(d)(2)(A)-(B). Third, § 514 gives reliance parties one year after a notice of restored copyright to sell or otherwise use copies of a restored work that were already in existence at the time of the notice. Id. Fourth, the Act allows a reliance party to continue to exploit derivative

⁴ The United States was in the distinct minority of countries in conditioning copyright eligibility on compliance with formalities. Berne signatories were prohibited from doing so by Article 5(a) of the Convention, and most other countries did not use formalities as a matter of policy. 4 M. & D. Nimmer, Nimmer on Copyright § 17.08 at 17-48 (2001).

works created prior to enactment of the URAA if he or she pays reasonable compensation to the restored copyright holder. Id. at § 104A(d)(2)(B), (3). Absent notice, anyone may continue to treat a work as if it is not protected by copyright.

ARGUMENT

I. BECAUSE ANY SPEECH RESTRICTIONS § 514 MAY IMPOSE ARE INCIDENTAL TO ITS STATUTORY PURPOSES, THE STATUTE IS CONTENT-NEUTRAL AND THUS SUBJECT TO INTERMEDIATE SCRUTINY UNDER THE FIRST AMENDMENT.

To determine the applicable standard of review in a First Amendment challenge, the Court must decide whether the challenged provision is content-based or content-neutral. Turner Broadcasting Sys. v. Fed. Election Comm’n, 512 U.S. 622, 642 (1994) (“Turner I”); see also Turner Broadcasting Sys. v. Fed. Election Comm’n, 520 U.S. 180, 189 (1997) (“Turner II”). In general, the “principal inquiry in determining content-neutrality . . . is whether the government has adopted a regulation of speech because of disagreement with the message it conveys.” Ward v. Rock Against Racism, 491 U.S. 781, 791 (1989) (quoting Clark v. Community for Creative Non-Violence, 468 U.S. 288, 295 (1984)). Content-based restrictions are those that “suppress, disadvantage, or impose differential burdens upon speech because of its content.” Golan v. Gonzales, 501 F.3d 1179, 1196 (10th Cir. 2007) (quoting Grace United Methodist Church v. City of Cheyenne, 451 F.3d 643, 657 (10th Cir. 2006)). Content-based restrictions are subject to “the most exacting scrutiny.” Id.

A content-neutral regulation, by contrast, is one “that serves purposes unrelated to the content of expression . . . even if it has an incidental effect on some speakers or messages but not others.” Ward, 491 U.S. at 791 (citing Renton v. Playtime Theatres, Inc., 475 U.S. 41, 47-48 (1986)); Golan, 501 F.3d at 1196. The purpose behind the challenged regulation is the key to

determining whether it is content-neutral: “A law that singles out speech based upon the ideas or views expressed is content-based, whereas a law that ‘confer[s] benefits or impose[s] burdens on speech without reference to the ideas or views expressed’ is most likely content-neutral.” Time Warner Entm’t Co. v. United States, 211 F.3d 1313, 1316 (D.C. Cir. 2000) (citing Ward, 491 U.S. at 791). Content-neutral restrictions are subject to intermediate rather than strict scrutiny. Id. at 1318; Golan, 501 F.3d at 1196.

The text of § 514 establishes that any First Amendment restrictions it imposes have nothing to do with the content of the affected speech. In relevant part, the Act simply restores copyright to works of foreign origin whose authors lost their United States copyrights (or never obtained them in the first place) for one or more of several reasons; the copyright term is the remainder of the period that would have been granted had the work been protected from its inception. As the text sets forth, a “restored work” is one that “is not in the public domain in its source country through expiration of the term of protection” but “is in the public domain in the United States due to . . . (i) noncompliance with formalities imposed at any time by United States copyright law . . . ; (ii) lack of subject matter protection in the case of sound recordings fixed before February 15, 1972; and (iii) lack of national eligibility.” 17 U.S.C. § 104A(h)(6)(C). Thus, nothing in the text of the Act itself can reasonably be characterized as content-based.

The legislative history of the Act is in accord. Section 514 was motivated by two principal purposes, neither of which focused on the ideas contained in or the views expressed by the speech that was affected. First, Congress believed that it was unfair to continue to penalize foreign authors for failing to comply with outdated technical requirements peculiar to United States copyright law. For example, § 304 of the 1976 Copyright Act at one time required authors

to renew their copyrights by application to the Copyright Office within one year prior to such copyrights' expiration. See Pub. L. 94-553, 90 Stat. 2573. In addition, § 401 of the 1976 Act required that a copyright notice appear on all publicly distributed copies of a work. Id. Foreign authors, many of them unaware of these and other technical nuances of United States copyright law, frequently lost their copyrights for failure to adhere to such provisions. Congress has since repealed both requirements, but such legislation did not affect copyrights that had already been lost. See Copyright Amendments Act of 1992, Pub. L. 102-307, 106 Stat. 264, §102(a)(2)(A)(ii); Berne Convention Implementation Act of 1988, Pub. L. 100-568, 102 Stat. 2853, §7. Section 514, then, corrects for the greater burdens that these technicalities wrought on foreign authors. It evinces Congress's belief that it is unfair to continue to penalize foreign authors for failing to comply with the outdated technical requirements of United States copyright law:

As difficult as it has been for American authors to comply with the strict formalities that were the hallmark of United States copyright law for so many years, it has been even more difficult for foreign authors. Many lost their U.S. copyrights to the public domain without having sought to exploit their works here, or without being aware of the requirements of our law. Now that we have essentially eliminated formalities from our copyright system, it is appropriate to restore these copyrights and redress the draconian effects of our prior law.

Joint House and Senate Committee Hearings on the URAA, 103rd Cong. 191 (1994) (statement of Shira Perlmutter).

Second, Congress sought to fully implement the Berne Convention for the first time, completing the task left unfinished by the United States' implementation of Berne five years earlier. Article 18(1) of the Convention requires member countries to protect "all works which ... have not yet fallen into the public domain in the country of origin through the expiry of term." Prior to passage of the URAA, however, the United States had not complied with Article 18

because its copyright formalities prevented works that had “not yet fallen into the public domain in the country of origin through the expiry of term” from receiving protection under United States copyright law. Not only that, the United States also had not yet complied with Article 18 because it had conferred no copyright protection upon preexisting works of authors from countries with which it did not have copyright relations prior to acceding to Berne, irrespective of whether they had complied with United States copyright formalities. Because the Berne Convention allows its members to penalize the authors (by reducing their protection) from countries that have not fully implemented the Convention, see Berne Convention, Article 6, the URAA was critical to preventing the rights of American authors from being undermined abroad.

Text and legislative history aside, it is also clear from the manner in which the Act operates that any effect it may be deemed to have on speech is entirely incidental to its purposes. The only parties who might credibly claim to have had their speech restricted by § 514 are those who have sought – or now seek – to commercially exploit works whose copyrights have been restored. For example, a party who would like to sell DVDs he previously burned of a movie that was at one time in the public domain might no longer be able to do so after that movie has been restored to copyright (and the holder of the restored copyright has satisfied the “reliance party” protections of the Act). The reliance party’s “speech” – the sale of the DVDs he burned – may have been restricted by § 514. But the purpose of § 514 has nothing to do with any view or idea the reliance party might have meant to express through the sale of the DVDs.

In that regard, this case is similar to Time Warner v. FCC, in which the D.C. Circuit upheld two challenged provisions of the Cable Television Consumer Protection and Competition Act of 1992, in the process holding that both were content-neutral. 211 F.3d at 258-60, 263-64.

The first, referred to as the “subscriber limits provision,” directed the Federal Communications Commission to limit the number of subscribers that a cable operator may reach. Id. at 257. The second, referred to as the “channel occupancy provision,” directed the FCC to limit the number of channels on a cable system that may be devoted to video programming in which the operator possesses a financial interest. Id. Time Warner argued that both provisions were content-based, the first because it expressed hostility toward the content of large cable operators’ speech and the second because Congress’ expressed concern that cable operators might favor their affiliated programming services suggested that the provision’s “stated design” was to suppress the speech of cable operators. Id. at 258, 263. The D.C. Circuit rejected both arguments. The purpose of the subscriber limits provision was to preserve competition between cable operators and their affiliated programmers on the one hand and unaffiliated providers of programming on the other, the court concluded: “By placing a value upon diversity and competition in cable programming the Congress did not necessarily also value one speaker, or one type of speech, over another,” but instead “merely expressed its intention that there continue to be multiple speakers.” Id. at 260. Likewise, the purpose of the channel occupancy provision was to promote “diversity and competition in the cable industry,” and any effects on cable operators’ speech were incidental. Id. at 263-64. Similarly here, any effect on the speech of reliance parties or any other entity is incidental to § 514, whose two chief purposes – addressing historic inequities to foreign authors and bringing the United States into compliance with the Berne Convention – have nothing to do with the ideas or views expressed in any speech the Act might affect.

The text of § 514, combined with its legislative history and the manner in which it operates, establishes that the Act serves purposes entirely unrelated to the content of any speech it may be deemed to affect. Thus, the Act is content-neutral.

II. SECTION 514 ADVANCES IMPORTANT GOVERNMENT INTERESTS UNRELATED TO THE SUPPRESSION OF FREE SPEECH WITHOUT BURDENING MORE SPEECH THAN NECESSARY, AND THUS WITHSTANDS INTERMEDIATE SCRUTINY.

A content-neutral regulation of speech will be sustained under the First Amendment if such regulation: “(1) advances important governmental interests unrelated to the suppression of free speech and (2) does not burden substantially more speech than necessary to further those interests.” Turner II, 520 U.S. at 189 (citing United States v. O’Brien, 391 U.S. 367, 377 (1968)). “If a regulation on speech is intended to redress an actual or an anticipated harm to an important governmental interest, then the Government ‘must demonstrate that the recited harms are real, not merely conjectural, and that the regulation will in fact alleviate those harms in a direct and material way.’” Time Warner, 211 F.3d at 1318-19 (citing Turner Broadcasting Sys. v. Fed. Communications Comm’n, 512 U.S. 622, 664 (1994) (“Turner I”). Judicial review of the “predictive judgments” of Congress is deferential; the only relevant question is whether, “in formulating its judgments, Congress has drawn reasonable inferences based on substantial evidence.” Id. at 1319 (citing Turner II, 520 U.S. at 195). Finally, the Court must uphold a challenged regulation “if the important governmental interest in question ‘would be achieved less effectively absent the regulation’ and the regulation does not ‘burden substantially more speech than is necessary to further that interest.’” Id. (citing Turner II, 520 U.S. at 213-14).

A. SECTION 514 ADVANCES IMPORTANT GOVERNMENTAL INTERESTS UNRELATED TO THE SUPPRESSION OF FREE SPEECH.

Section 514 serves at least three important governmental interests unrelated to the suppression of free speech. First, it brings the United States into substantial compliance with its international treaty obligations under the Berne Convention. Second, by doing so, it also helps protect the copyright interests of United States authors abroad, in particular in emerging markets where United States authors in the past had faced financial losses from intellectual property piracy. Finally, it corrects for historic inequities wrought on foreign authors who lost their United States copyrights through no fault of their own.

1. SECTION 514 COMPLIES WITH THE UNITED STATES' INTERNATIONAL TREATY OBLIGATIONS UNDER THE BERNE CONVENTION AND TRIPS, AND AVOIDS SIGNIFICANT CONSEQUENCES OF NON-COMPLIANCE.

Compliance with international treaty obligations represents an important governmental interest, in particular where non-compliance with such obligations could give rise to significant international consequences. See, e.g., Gonzales v. O Centro Espirita Beneficente Uniao Do Vegetal, 546 U.S. 418 (2006) (“Uniao Do Vegetal”) (under the Religious Freedom Restoration Act, government may have “compelling” interest in applying Controlled Substances Act in manner compliant with nation’s obligations under 1971 United Nations Convention on Psychotropic Substances)⁵; Boos v. Barry, 485 U.S. 312, 323-24 (1988) (striking down a District

⁵ Uniao Do Vegetal involved a religious sect that traces its origins to the Amazon Rainforest; as part of the sect’s religious sacrament, its members consume a sacred tea called hoasca, brewed from plants native to that region, that contains a substance called DMT, a natural hallucinogen prohibited under the Controlled Substances Act (“CSA”). 546 U.S. at 423. Uniao Do Vegetal sued, alleging that the CSA’s prohibition of hoasca violated the Religious Freedom Restoration Act, 42 U.S.C. § 2000bb-1(b) (“RFRA”). RFRA prohibits the government from “substantially burdening a person’s exercise of religion, unless [it] ‘demonstrates that application of the burden to the person’ represents the least restrictive means of advancing a compelling

of Columbia ordinance prohibiting displays of signs critical of foreign governments within 500 feet of those governments' embassies as a content-based restriction not narrowly tailored to serve a compelling state interest, but emphasizing that “the United States has a vital national interest in complying with international law”). “Matters relating to the conduct of foreign relations . . . are so exclusively entrusted to the political branches of government as to be largely immune from judicial inquiry or interference.” Regan v. Wald, 468 U.S. 222, 242 (1984) (quoting Harisiades v. Shaughnessy, 342 U.S. 580, 589 (1952)). In taking the steps required to bring the United States into full compliance with the Berne Convention in the post-TRIPs era, Congress and the President both concluded that the adoption of the URAA, in particular § 514, was necessary to advance the international relations interests of the United States and the protection of its own authors. Thus, the United States has a vital national interest in abiding by the Berne Convention and in “gain[ing] the benefits of international accords and hav[ing] a role as a trusted partner in multilateral endeavors” designed to bring uniformity to international copyright law. Vimar Seguros y Reaseguros, S.A. v. M/V Sky Reefer, 515 U.S. 528, 539 (1995).

That non-compliance with the obligations of Berne Article 18 could yield significant international consequences is clear. To be sure, that was not always the case, for at least two related reasons. First, until 1994 and the enactment of TRIPs, there was in essence no truly

interest.” Id. On appeal from adverse rulings in the lower courts, the government argued, inter alia, that its prohibition of hoasca served a compelling interest in “meeting its international obligations by complying with” the Convention on Psychotropic Substances. Id. at 437. The Court recognized that compliance with such obligations would serve a compelling interest, but concluded that the government had not met its burden of proving that a failure to prohibit hoasca would violate those obligations. Id. at 438. The Court thus remanded the case for factual development on that question. Id. at 438-39.

effective mechanism for settling international copyright disputes. Under the Berne Convention itself, if a member nation had a dispute with another member nation regarding a failure to comply with its copyright obligations under Berne, it had to bring a claim before the International Court of Justice in the Hague, Holland. See Report of Dr. Mihaly Ficsor, Former Assistant Director General of WIPO, Feb. 15, 2005, at ¶¶ 20-21 (attached at Tab 1) (hereinafter “Ficsor Report”). However, Berne imposed no obligation for a member nation to actually submit to the jurisdiction of the Hague. Id. at ¶ 21. Indeed, this dispute mechanism was never employed by any member nation. Id. at ¶ 22.

Second, it was essentially optional under Berne for member nations to adopt each and every article of the convention, largely for the same reasons. Id. at ¶ 21. Moreover, even where a member nation had implemented an article, it possessed a fair amount of license in interpreting that article’s requirements: “Due to the absence of an efficient dispute settlement mechanism, there had always been quite a liberal and easy-going atmosphere around the problems of interpretation and implementation of the Berne Convention.” Id. at ¶ 23. Thus, although the United States ratified the Berne Convention in 1988, see 134 C.R. 32018 (Oct. 20, 1988), it did not adopt Article 18 of the convention, among others, until the passage of the URAA, and suffered no international consequences for its failure to do so.

That all changed with the entry into force of TRIPs in 1994, at the conclusion of the Uruguay Round. TRIPs Article 9.1, which applies to all member nations of the WTO (which in turn was established by the GATT and succeeded it effective January 1, 1995), mandates that all WTO members “shall comply with Article 1 through 21 of the Berne Convention (1971) and the Appendix thereto” Ficsor Rep. at ¶ 24. This obviously includes Article 18.

Perhaps even more importantly, though, the Berne Convention had an effective enforcement system for the first time: the GATT/WTO dispute settlement mechanism. In general terms, that mechanism provides a multi-step dispute resolution process: (1) mandatory mediation (termed “consultation”); (2) if mediation is unsuccessful, consideration by a panel of experts appointed by the WTO’s Dispute Settlement Body, ultimately leading to a final report setting forth the panel’s findings; and (3) if either member nation wishes to appeal the panel’s final report, an appeal before a permanent Appellate Body. See Ficsor Rep. at ¶¶ 27-28; see also World Trade Organization, Understanding the WTO: Settling Disputes, available on-line at http://www.wto.org/english/thewto_e/whatis_e/tif_e/displ_e.htm. If a member nation is found to be in violation of its obligations under Berne, it must within a prescribed period conform its laws to satisfy those obligations. Ficsor Rep. at ¶ 27. If it fails to do that, the other nation may impose trade sanctions, presumptively in the same trade “sector” in which the dispute arose unless such sanctions would be ineffective, in which case it may impose sanctions in a different sector.⁶

⁶ This concept is known as “cross-sector retaliation.” Then-U.S. Trade Representative Mickey Kantor explained the significance of cross-sector retaliation in his testimony before the Senate Finance Committee prior to passage of the URAA:

We are the world leader, whether it is pharmaceuticals or computer software or movies or compact discs. Because we are the world leader, if you cannot cross retaliate into another sector, we would have to retaliate only in that sector where we had a successful ruling.

There would be so little imports into the United States [in such areas] that retaliation would have little if any effect. With cross-retaliation, we could go against something where they do, in fact, export to the United States a very large amount of product and we could be more effective.

Results of the Uruguay Round of Trade Negotiations: Hearings Before the Senate Comm. on Finance, 103d Cong., 2d Sess. 14 (1994) (statement of U.S. Trade Representative Kantor).

An episode involving the United States and Japan shortly after the United States' enactment of the URAA illustrated the efficacy of the Berne Convention's new dispute resolution mechanism. In 1971, Japan had recognized copyright protection for sound recordings, but had never extended that protection to sound recordings produced ("fixed," in copyright parlance) prior to that time. Ficsor Rep. at ¶ 32. This was contrary to the terms of TRIPs Article 14.6, which mandated that the provisions of Berne Article 18 (including restoration of copyright) must be extended to the performers and producers of sound recordings. *Id.* Recognizing this fact, the United States began preparing to initiate a dispute settlement procedure with Japan, an effort that the nations of the European Community later joined. *Id.* As it prepared to begin negotiations, the United States asked the World Intellectual Property Organization ("WIPO") for its "informal views" as to the correct interpretation of Article 18. *Id.* at ¶ 33. WIPO's opinion, in the form of a letter, became the basis for the resolution to the dispute, as the parties reached an accord before having to request a WTO panel. *Id.*⁷ Pursuant to the settlement – and consistent with the opinion rendered in the WIPO letter – Japan amended its law to provide copyright to performers and producers of sound recordings fixed between 1945 and 1971. *Id.* at ¶ 35. This outcome simply would not have been plausible under the pre-TRIPs Berne Convention. *Id.* at ¶ 36.

⁷ The letter was issued under the signature of Dr. Arpad Bogsch, at that time Director General of the WIPO, but was prepared by Dr. Ficsor, at that time the Assistant Director General of the WIPO under Dr. Bogsch. Ficsor Rep. at ¶ 33. The letter is commonly referred to as the "Bogsch Letter," but in a law review note describing the United States-Japan sound recordings dispute, the author referred to it throughout as the "Ficsor Opinion." See Stephen Obenski, Note, Retroactive Protection and Shame Diplomacy in the US-Japan Sound Recordings Dispute, or, How Japan Got Berne-d, 4 Minn. Intell. Prop. Rev. 183 (2002).

2. SECTION 514 ADVANCES AND PROTECTS THE RIGHTS OF AMERICAN AUTHORS IN FOREIGN MARKETS.

As a corollary to avoiding the potentially negative trade consequences of failure to comply with Article 18 of the Berne Convention, § 514 serves an important positive interest: the protection of the rights of American authors abroad. There are 164 members of the Berne Convention.⁸ By virtue of United States' ratification of the Convention and implementation of its terms, the works of U.S. authors, whose copyrights Plaintiffs do not contest, are now entitled to the same exclusive rights in their works in all Berne Convention countries that each of those countries affords its own citizens (as well as the minimum rights prescribed by the Convention, such as a required copyright term of life plus fifty years). See Berne Convention, Articles 5, 7. This includes protection for all works that are still protected in the United States that did not previously receive protection in those countries. Id., Article 18.

These protections, however, depend upon U.S. compliance with the terms of the Convention. Should the United States fail to protect the rights of authors from Berne Convention nations "in an adequate manner," Article 6 of the Convention allows those countries "to restrict the protection given to" U.S. authors. The terms of the Berne Convention thus make clear that adherence to the terms of that treaty, including Article 18, were "plainly adapted" to "secur[ing]" for U.S. authors the "exclusive right" to their works under the Copyright Clause.

The implications of the terms of the Berne Convention were reinforced by testimony heard by Congress at a Joint Hearing on the URAA. Shira Perlmutter, then-professor of law at

⁸ As stated in footnote 2, supra, authors from all Berne Convention and WTO countries are eligible for protection under 17 U.S.C. § 104A(h)(3).

Catholic University School of Law (later to become Associate Register of Copyrights for Policy and International Affairs in the U.S. Copyright Office), testified that the Act would

promote progress by assisting American authors and adding indirectly to future incentives to create. In the short run, American authors would be helped by the willingness of [present and future members of the Berne Convention and WTO] to reciprocate by granting retroactive protection to American works. . . . In the long run, American authors would be helped by improved international copyright relations generally, which is likely to strengthen their enforceable rights abroad for both existing and future works.

See Joint House and Senate Committee Hearings on the URAA, 103rd Cong. 191 (1994)

(testimony of Shira Perlmutter).

Eric Smith, executive director and general counsel of the International Intellectual Property Alliance, put the same concept in somewhat more realpolitik terms when he emphasized the “great weight” of what the United States ultimately chose to do with regard to implementing Berne Article 18:

If we interpret Article 18 and the TRIPS provisions to deny protection or significantly limit its scope, our trading partners – just now considering their own implementing legislation – will feel free to simply mirror our views. If the largest exporter of copyrighted material in the world takes the position that we have no, or only limited, obligations, the United States will have little credibility in convincing particularly the new nations with whom we are just starting copyright relations to give us the expansive protection that we need.

Id. (testimony of Eric Smith). In Smith’s view, the consequences of failing to restore copyright consistent with Article 18’s mandate would have been stark, and might in fact illustrate (to the United States’ detriment) the greatly strengthened dispute settlement mechanism provided by TRIPs:

We also believe that this issue will more than likely be brought to a GATT dispute settlement panel at some point, and we believe the risk is great that, if the U.S. does not take legislative action implementing recapture under TRIPS (and Berne), it may be the first country to appear before such a panel as a defendant. Many of our trading

partners, particularly in Europe, have made it clear to this country that they consider us in violation of our obligations under Article 18. The consequences in this event could be severe and may limit what Congress could do to remedy the problem if we are found in violation. We fear we would be found in violation unless a bill is passed.

Id.

Similarly, Ira Shapiro, then-General Counsel for the Office of the United States Trade Representative, explained that the outcome of the URAA vote in both chambers would “affect whether U.S. works that are now in the public domain in other countries, including the major markets of Russia and Eastern Europe, will be protected.” See Joint House and Senate Committee Hearings on the URAA, 103rd Cong. 191 (1994) (Testimony of Ira Shapiro). In some instances, this lack of protection was a direct result of the United States’ previous failure to implement Berne Section 18, Shapiro continued, citing Russia and Thailand as countries that “have refused to protect U.S. works in the public domain in their territory citing the U.S. interpretation of Berne Article 18 as their justification.” Id. Failure to correct this situation by enacting the URAA would result in significant loss of opportunity, Shapiro concluded: “U.S. authors and our copyright industry are thus denied protection for important works and the revenues that would result from licensing or otherwise exploiting those works. Thus [,] since 1989, there [have] developed both legal and trade reasons to provide copyright protection for certain foreign works in the public domain in this country.” Id.

Likewise, the testimony of Bruce Lehman, then-Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, demonstrates the concerns of the Executive Branch that the United States’ previous failure to implement Berne Article 18 had hamstrung the

Executive's ability to secure greater copyright protection – and in some instances, any such protection – for American authors in foreign markets:

This has been a matter of particular interest in the context of the Administration's efforts to secure adequate and effective protection for U.S. copyrighted works in foreign markets. When we have urged others to provide protection for our industries' repertoire of existing copyrighted works, we are often confronted with the position that such protection will be provided there when we protect their works in the same manner here in the United States. Clearly, providing for such protection for existing works in our own law will improve our position in future negotiations.

Joint House and Senate Committee Hearings on the URAA, 103rd Cong. 191 (1994) (statement of Bruce Lehman). Thus, as Assistant Secretary Lehman testified, passage of the URAA was a linchpin to the Executive Branch's future efforts to secure greater protections for United States authors abroad; success in that regard depended on providing the same reciprocal benefits to the authors of other Berne nations who possessed valid copyrights in their works in their countries of origin but who lacked copyright protection for those same works in the United States through no fault of their own.

The concerns expressed by Ira Shapiro and Bruce Lehman were amplified by the testimony of Eric Smith of the International Intellectual Property Alliance, who provided empirical data relating to several specific industries, including the sound recording, motion picture, and computer programming industries. The stakes were similar in principle for each such industry, Smith explained: “[V]ast libraries of valuable works remain unprotected in many countries that have been either late in passing copyright legislation, or late in entering into copyright relations with the U.S.” Joint House and Senate Committee Hearings on the URAA, 103rd Cong. 191 (1994) (testimony of Eric Smith). Combined, Smith testified, these industries

were losing an estimated \$2.1 billion annually. While not all of these losses were directly attributable to lack of copyright in foreign markets, much of them were:

A not insignificant portion of these losses are attributable to piracy of these pre-existing and as-yet-unprotected works and sound recordings. Cumulative, since 1989 when the U.S. joined the Berne Convention, our industries have los[t] an estimated total of \$7.3 billion due to piracy in these countries, a part of which is due to this lack of protection.

Id. The most directly affected of these industries was the United States' recording industry, Smith explained, noting that many of the largest foreign markets, including Russia and the other nations in the Commonwealth of Independent States ("CIS"), did not at that time provide any protection – retroactive or otherwise – to sound recordings. Id. That situation was not likely to change until they became members of GATT. Id.

3. SECTION 514 RESTORES COPYRIGHT PROTECTION TO THE WORKS OF FOREIGN AUTHORS WHO LOST THEIR UNITED STATES COPYRIGHTS THROUGH NO FAULT OF THEIR OWN.

Finally, as explained in Part I, supra, § 514 serves an important equitable interest – the restoration of copyright protection to authors of works of foreign origin who lost their United States copyrights through no fault of their own, either because they failed to comply with United States copyright formalities, or because the United States did not have copyright relations with their nations at the time they created their works. This interest is closely intertwined with the other two important governmental interests we have identified, compliance with the United States' obligations under the Berne Convention and protection of its authors' rights abroad. Nonetheless, it stands on its own as a significant interest worth advancing as a matter of equity, as Shira Perlmutter noted in explaining to Congress why it was appropriate to enact § 514:

As difficult as it has been for American authors to comply with the strict formalities that were the hallmark of United States copyright law for so many years, it has been

even more difficult for foreign authors. Many lost their U.S. copyrights to the public domain without having sought to exploit their works here, or without being aware of the requirements of our law. Now that we have essentially eliminated formalities from our copyright system, it is appropriate to restore these copyrights and redress the draconian effects of our prior law.

Joint House and Senate Committee Hearings on the URAA, 103rd Cong. 191 (1994) (statement of Shira Perlmutter).

Each of these interests – United States compliance with its international obligations pursuant to the Berne Convention, protection of the interests of U.S. authors in foreign markets, and the equitable interests of foreign authors who previously lost their copyrights through no fault of their own – represents an important governmental interest unrelated to the suppression of free speech.

B. WITHOUT § 514, THE UNITED STATES’ INTERESTS COULD NOT BE ACHIEVED EFFECTIVELY, AND THE ACT DOES NOT BURDEN SUBSTANTIALLY MORE SPEECH THAN IS NECESSARY TO FURTHER THOSE INTERESTS.

Having shown that § 514 is content-neutral and advances important governmental interests, we turn to the second element of the intermediate scrutiny standard. The Court must uphold § 514 if those important government interests ““would be achieved less effectively absent the regulation”” and the regulation does not ““burden substantially more speech than is necessary to further’ that interest.”” Turner II, 520 U.S. at 213-14 (quoting Turner I, 512 U.S. at 662, and Ward, 491 U.S. at 799); Time Warner, 211 F.3d at 1319.

As a threshold matter, there are two distinct concepts at issue here: (1) the fact of copyright restoration in the first instance; and (2) the method and means the Government has adopted for the enforcement of restored copyright. As to the first, we have previously explained that the achievement of the important government interests at stake – compliance with the United

States' international obligations under Berne, protection of the rights of U.S. authors abroad, and satisfaction of any debt of fairness to foreign authors whose copyrights were lost through no fault of their own – simply cannot be achieved without the restoration of eligible copyrights pursuant to the limited terms set forth by § 514. Thus, it is not a question of how much “less effectively” those interests might be achieved without the restoration of some copyrights in the first instance. Rather, it is an either/or proposition: Either those interests are achieved (by restoring copyright) or they are not (by failing to restore copyright).

The first concept addressed, the question as to the second is whether these interests would be achieved less effectively through alternate methods of enforcing copyrights restored under § 514, and whether those methods burden “substantially more speech than is necessary” to further the interests. Turner II, 520 U.S. at 213-14. Here, it is important to note that whatever speech may be burdened by the restoration of copyright in original works of foreign origin that had fallen into the public domain generally is not original speech, but rather the reproduction or other exploitation of someone else's original speech. Such speech is entitled to considerably less protection than the user's own original speech would be. Eldred v. Ashcroft, 537 U.S. 186, 221 (2003). In Eldred, the Supreme Court upheld the Copyright Term Extension Act of 1998 (“CTEA”) against the plaintiffs' first amendment challenge (in addition to a challenge under the Copyright Clause). Id. In so doing, the Court explained:

[The CTEA] protects authors' original expression from unrestricted exploitation. Protection of that order does not raise the free speech concerns present when the government compels or burdens the communication of particular facts or ideas. The First Amendment securely protects the freedom to make – or decline to make – one's own speech; it bears less heavily when speakers assert the right to make other people's speeches. To the extent such assertions raise First Amendment concerns, copyright's built-in free speech safeguards are generally adequate to address them.

Id. The Tenth Circuit here concluded that § 514 appears to represent that rare instance in which Copyright’s “built-in free speech safeguards” are not adequate to address the First Amendment concerns regarding speakers’ right to make “other people’s speeches.” Golan, 501 F.3d at 1194-97. Nonetheless, the remainder of the Eldred Court’s point remains applicable: Insofar as § 514 regulates the freedom of speakers to make other people’s speeches, the First Amendment bears less heavily than it would otherwise.

That said, § 514 does not abridge the free speech guarantee provided by the First Amendment. As the Supreme Court explained in Eldred, rather than creating a tension with the First Amendment, “copyright’s purpose is to promote the creation and publication of free expression.... [T]he Framers intended copyright itself to be the engine of free expression.” Eldred, 537 U.S. at 219 (emphasis in original). Accordingly, “copyright’s limited monopolies are compatible with free speech principles.” Id. Section 514 does not alter in the slightest bit copyright’s protection of expression only, and it does not restrict the fair use provisions codified at 17 U.S.C. §107.

Moreover, not only does the URAA respect copyright’s traditional protections, it supplements them – in ways not even required by the Berne Convention – by protecting parties who previously exploited restored works while they were still in the public domain. See Luck’s Music Library v. Ashcroft, 321 F. Supp. 2d 107, 119 (D.D.C. 2004). The Act does that in several ways. First, the URAA protects authors that have created new works, called “derivative works,” based on works that have been restored to protection. 17 U.S.C. §104A(d)(3). Authors of derivative works “may continue to exploit that work for the duration of the restored copyright,” provided that the author pays a “reasonable” royalty to the owner of the restored copyright. Id.;

Luck's Music Library, 321 F. Supp. 2d at 119. Second, the URAA also protects “reliance parties” – persons who made use of a work before its copyright was restored. 17 U.S.C. §104A(d)(2). Reliance parties may freely use a work the copyright for which is restored by the URAA until the owner of the copyright files a Notice of Intent to Enforce (“NIE”) the restored copyright in the Federal Register, or the copyright owner serves an NIE directly on the reliance party. 17 U.S.C. §104A(d)(2)(A), (B). Even once an NIE is published in the Federal Register or delivered to a reliance party, the reliance party may still use already-existing copies of the work freely for an additional year. Id.; Luck's Music Library, 321 F. Supp. 2d at 119.

We anticipate that Plaintiffs may argue that in passing the URAA, Congress could have legislated protections for reliance parties tailored to have a narrower effect on such parties' free speech rights. In particular, Plaintiffs probably will rely on the opinion of their expert witness, Professor Lionel Bently, to argue that the approach taken by the British Commonwealth nations in implementing the Berne Convention illustrates a means of protecting reliance parties that would be less restrictive under the First Amendment. But Plaintiffs would be wrong for at least two reasons.

First, it is not at all clear that the approach toward protecting reliance parties taken by Great Britain and the other Commonwealth nations would be less burdensome toward speech; in fact, it appears likely it would be more burdensome. The most salient characteristic of the United Kingdom approach toward reliance parties is that reliance parties may continue using a restored copyright (also referred to as a “springing” copyright in British terms) indefinitely until the owner of the restored copyright comes forward to “buy out” the reliance party. See Declaration of Professor Lionel Bently in Supp. of Pls.' Opp. to Defs.' Mot. for S.J., November 1, 2004, at

¶¶ 13-15 (“Bently Declaration”). As Professor Bently explains, this “would enable a person who had incurred an expenditure or liability . . . to exploit the work in [the] ways envisaged at the time the expenditure was incurred without any restriction of copyright, unless the owner of the copyright compensated the other party.” Id. at ¶ 15. Certainly, this places the initial burden of enforcing a restored copyright on the owner of the restored copyright, a reversal from the United States approach. Nonetheless, it is unclear which party actually benefits from that reversal. For one thing, there is no grace period, as there is in the United States under the URAA; that means that a restored copyright owner in the United Kingdom can immediately exercise its right to buy out a reliance party. See Ficsor Decl. at ¶ 101. Significantly, if an owner’s demand to buy back his or her springing copyrighted work is not initially fruitful, the owner can take the reliance party to binding arbitration. See id. at ¶ 84 (quoting Article 7(2) of the Copyright (Application to Other Countries) Order 1999). While the reliance party apparently may continue to exploit the copyrighted work during any such arbitration, the costs of immediate arbitration would potentially be quite burdensome.

For another thing, there appears to be no special protection under the United Kingdom approach for authors of “derivative works” based on original works whose copyrights have been restored. See id. at ¶ 101. In that respect, the United Kingdom approach would appear to be more burdensome upon speech. Under the United States approach, an author of a derivative work can continue to exploit that work as long as he or she wants, subject only to the payment of reasonable compensation to the owner of the restored copyright in the original work. 17 U.S.C. §104A(d)(3). Under the United Kingdom approach, by contrast, the owner of the restored copyright may “at any moment from the entry into force of the restored rights, put an end of the

use and exploitation of the derivative work by the ‘reliance party’ through ‘buying back’ the rights in it.” See Ficsor Rep. at ¶ 101.

Second, questions of relative burdensomeness aside, it is unclear whether the United Kingdom approach toward the protection of reliance parties complies with the Berne Convention in the first place. Professor Bentley notes that the longstanding United Kingdom practice, as far as he is aware, “has [] never once been the subject of a formal challenge from any Berne country during the past hundred or so years in which it has operated.” Bentley Decl. at ¶ 17. At the same time, Professor Bentley notes that the practice has existed virtually unchanged since 1911, when the “buy-out” provision was first introduced. Id. It goes without saying that until 1994, with the enactment of TRIPs, the United Kingdom approach existed in a world of international copyright that had essentially no mechanism for settling disputes between Berne member nations. See Ficsor Rep. at ¶¶ 24-28. Thus, there was virtually no opportunity for any country to mount an effective challenge to the United Kingdom’s system, even if it wanted to. See id.

In today’s post-TRIPs world of international copyright, by contrast, there appears to be legitimate doubt as to whether the United Kingdom’s approach to reliance parties would survive a challenge under Article 18 of the Berne Convention. This is the case for at least two reasons. First, the United Kingdom approach appears inconsistent with the principle set forth in Article 18(1) and (2) that all provisions of Article 18 must be applied, subject only to a grace period to allow for the transition of reliance parties. See Ficsor Rep. at ¶¶ 94-95. As Dr. Ficsor explains, the United Kingdom model has it backwards, effectively putting the interests of reliance parties ahead of the interests of restored copyright holders:

Under the U.K. model, the Convention is not duly applied, since, while the Convention provides for certain rights of authors and other owners of rights – as a

minimum, in the form of an equitable remuneration – the U.K. model does not grant those rights to the authors and other owners under the Convention, but to the “reliance parties,” and the only right that owners of [restored copyrights] “enjoy” under that model is to buy the rights from the “reliance parties.”

Id. at ¶ 95. Second, the conditions applied for the benefit of reliance parties are not “transitional” in nature: “unless the authors or other owners of rights invest into buying the rights that, under the Convention they are supposed to enjoy, those rights may remain with ‘reliance parties’ until the expiry of the term of protection.” Id. On that basis, Dr. Ficsor concludes that “the United Kingdom model does not seem to have a good chance to pass the greater scrutiny in the WTO/TRIPs system due to the Vienna-Convention-based strict interpretation technique of WTO dispute settlement panels.” Id. at ¶ 94.⁹

Given the uncertainty regarding the viability of the United Kingdom approach under Berne and the significant trade consequences of non-compliance with Berne under the TRIPs regime, it would be inappropriate for the Court to second-guess the considered judgments of Congress and the Executive in determining how best to comply with Berne while minding First Amendment concerns. At the same time, we have demonstrated how any potential burdens on free speech inherent in the URAA are not actually more restrictive than those inherent in the United Kingdom model, and in fact might even be less so. Indeed, comparison of merits of the two approaches to compliance with international obligations would seem to be outside the scope of judicial review in the first place. See Regan, 468 U.S. at 242 (quoting Harisiades, 342 U.S. at 589) (“Matters relating to the conduct of foreign relations . . . are so exclusively entrusted to the

⁹ Articles 31 and 32 of the Vienna Convention on the Law of Treaties, which was adopted in 1980, set forth the rules of interpretation that the dispute settlement panels of the WTO follow. See Ficsor Rep. at ¶¶ 16-19, 29-30.

political branches of government as to be largely immune from judicial inquiry or interference.”). That would seem especially so here, given that any speech regulated by the URAA is not a person’s original speech but that of others, in which instance the First Amendment “bears less heavily” than it would otherwise. Eldred, 537 U.S. at 221.

All of this in mind, it is clear that the important government interests we explained in Parts I and II, supra, “would be achieved less effectively absent the regulation” and that § 514 does not “burden substantially more speech than is necessary to further” those interests. Turner II, 520 U.S. at 213-14 (quoting Turner I, 512 U.S. at 662, and Ward, 491 U.S. at 799); Time Warner, 211 F.3d at 1319. Thus, the Court should uphold § 514.

CONCLUSION

For the foregoing reasons, the Court should uphold § 514 against Plaintiffs' First Amendment challenge, and enter summary judgment in favor of Defendants.

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