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Copyright, Licenses, and Avoiding the Perils of Infringement

By Rebecca Hanovice, Lauren Bruzzone, Sabina Vayner, and Jennifer Findley

Given the ever-changing developments in the current internet age, companies are faced daily with new and complicated intellectual property issues. Copyright law, in particular, poses a unique threat of highly expensive litigation if proper procedures are not developed and followed by employees. The seemingly small action of a quick right-click, copy, and paste by an employee can potentially lead to millions in liability for a company. This article provides a general overview of copyright law and highlights some specific issues and topics in the world of copyright licensing.

CHEAT SHEET

- *Is this copyrighted?*
There are two fundamental requirements that need to be met to obtain copyright protection: originality and fixation. For a work to be copyrightable, it must be both creative and placed in a relatively stable and permanent medium.
- *Jurisdiction guaranteed.*
Copyright laws vary significantly by jurisdiction. Therefore, protection copyrights globally can pose a challenge for organizations with employees working in different countries.
- *Exclusivity clause.* A copyright license can either be exclusive or non-exclusive. An exclusive license must be in writing and provide permission to only one party for the scope of the rights. A non-exclusive license can be oral and even implied to one or more parties.
- *Duty of software.* Open source code is often referred to as “free software;” however, it is not public domain and must be used according to the specific terms of the license granted by its owner.

Copyright fundamentals

Is this copyrighted?

Copyright is often referred to as a bundle of intangible property rights. The right to copy immediately comes to mind; however, copyright also grants various other rights, such as distribution, public performance, public display, and the creation of “derivative works” (which are beyond the scope of this article).¹ These rights automatically vest in “original works of authorship fixed in a tangible medium.”² What this means is that virtually anything can be copyrighted: music, books, plays, photographs, art, and computer software.

There are two fundamental requirements that need to be met to obtain copyright protection: originality and fixation. Originality, for the purposes of copyright, is a rather low bar.³ In order to be copyrightable, a work needs only to be independently created and possess a minimal degree of creativity. Fundamentally, a copyright protects all “original” elements of a work. However, copyright does not generally protect words, slogans, or short phrases, nor does it protect useful items or facts. Additionally, the underlying idea of a work is not copyrightable, and protection only extends to the specific expression of an idea.⁴ In addition, little to no protection is granted where an idea and the expression of that idea “merge,” or if, for example, there are only a few limited ways to express that idea.

Not only must a work be original, but it must also be “fixed” in tangible form. In other words, it must be placed in a relatively stable and permanent medium (e.g., the internet, a book, a painting). This can be achieved through a broad range of mechanisms, as long as the work is perceptible, either now or in the future. Boiled down, this means that a band’s performance — no matter how amazing, unique, or original — is not copyrightable, unless it is recorded in some way. Conversely,

a software program saved onto a storage device is copyrightable.

Once an original work is in a fixed form, it is automatically subject to copyright protection. The duration of that protection is set out in the Copyright Act. According to the act, works created after January 1, 1978 by individual authors are protected by copyright for the life of the author plus 70 years.⁵ Works created by joint authors have copyright protection for 70 years from the date that the last joint author dies.⁶ The term for works “made for hire” and anonymous works is 95 years from the year of first publication, or 120 years from the year of creation, whichever expires first.⁷ In the case of an anonymous work where the true identity of the author later becomes known, however, the term reverts to the life of the author plus 70 years. Notably, works published before January 1, 1978, (e.g., Andy Warhol’s series of paintings paying tribute to Marilyn Monroe, the iconic photograph of Ansel Adams, and even the original *The Godfather* movie) are subject to differing terms of protection depending on various factors outlined

in the Copyright Act.⁸ These durations can often create murky issues for determining a work’s copyright protection.

Since March 1, 1989, there is no longer a requirement to place a copyright notice on a work to obtain the benefits of copyright protection. Proper notice is nevertheless highly recommended, since including such a notice on a work essentially precludes a potential infringer from asserting an innocent infringement defense, and also will help third parties viewing a work to determine that they should not use it without a proper license. Additionally, although registration is not required to claim copyright protection, works should be registered in the US Copyright Office (the Copyright Office) to the extent possible, for the reasons discussed below.

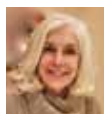
Do I need to register?

How do I register in the United States?

Registration is relatively simple and cost effective, and any company with copyrightable material would be remiss not to seek to register that material. You can register online for



Rebecca Hanovice is senior corporate counsel at Callaway Golf Company. She focuses her practice on general IP, litigation, and business law. rebecca.hanovice@callawaygolf.com



Lauren Bruzzone acted as group counsel, IP, for IBM’s service, sales, cloud, and global finance divisions through 2016. Having retired from full-time practice, she currently works in IBM’s virtual law firm, providing support for the growing business of mobile applications. Bruzzone has taught IP sessions at New York University, Pace School of Law, and the University of Connecticut School of Law. She is currently teaching at the University of Connecticut. lauren.bruzzone@uconn.edu



Sabina Vayner is a senior associate on the trademark & copyright team at Kilpatrick Townsend & Stockton LLP, where she focuses her practice on trademark, copyright, and advertising litigation, enforcement, and counseling. svayner@kilpatricktownsend.com



Jennifer Findley is an associate on the trademark & copyright team at Kilpatrick Townsend & Stockton LLP, where she focuses her practice on trademark and copyright litigation. Prior to joining the firm, Findley clerked in the US District Court for the Middle District of Georgia. jfindley@kilpatricktownsend.com

most works through the “Electronic Copyright Office.”⁹

When filing an application for registration, you should be aware that the copies of the work submitted to the Copyright Office (the “deposit material”) will become publicly accessible. Thus, you need to ensure that confidential works are redacted, at least to the extent allowed by the Copyright Office, and do not contain trade secrets or other sensitive information (e.g., when seeking to register computer source code). Additionally, when filing an application, you need to be particularly precise with the information contained in the application because errors in a registration certificate can give rise to defenses against infringement, such as unclean hands, fraud, and copyright misuse. If successful, these defenses can result in the loss of the presumption of validity of the registered copyright, invalidating the registration, and, in some cases, culminating in liability for attorneys’ fees.

How do I register internationally?

Copyright rights are territorial in nature, and vary significantly by jurisdiction. There is no unifying international copyright law, and every country has its own copyright regime. Therefore, protecting copyright internationally can pose a challenge for global organizations with employees working in different countries and sharing content across borders. Although the United States has reciprocal relationships with various countries, and there have been efforts to harmonize copyright law in Europe and other regions, a company must consult with local counsel regarding the specific requirements for registration in each jurisdiction of interest. That said, under various treaties and conventions (notably, the Berne Convention), a work copyrighted in the United States will receive copyright protection in a number of other countries.

But do I really need to register my works?

Yes. First and foremost, for US-created works, registration is generally a prerequisite to filing a copyright infringement suit in US federal court. Although some courts will permit the filing of a lawsuit so long as the application is on file with the Copyright Office, a number of courts adhere to the plain language of the Copyright Act and refuse to allow a lawsuit until the Copyright Office issues the registration for the work at issue (which typically takes several months at best). Additionally, if a work is registered within three months of its publication or prior to the alleged infringement, the owner of that work is entitled to seek statutory damages and attorneys’ fees, in addition to other available remedies. This ability can be vitally important in an infringement action, where actual copyright damages are notoriously difficult to prove and attorneys’ fees are often significant.

Copyright licensing

What is a license?

Like all good bundles of property rights, the rights granted under copyright law can be split up and divided in a variety of ways. One way to allocate and divide the use rights in a copyrighted work is through licensing. A license is often defined as a permission or privilege to use a copyrighted work. Because copyright law permits divisible rights, it is important to remember that one person may have licensed the right to distribute the work, and another may have licensed the right to perform the work, and so on and so forth. The complexity of potential licensing schemes can be a minefield for a lawyer tasked with both protecting a company’s copyrights and using others’ copyrighted works properly.

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Does my license allow me to do that?

A copyright license can be either exclusive or non-exclusive. An exclusive license must be in writing and provide permission to one party and one party only for the scope of the licensed rights. An exclusive licensee is entitled to all the rights and protections of the copyright owner, and the owner who grants the license cannot grant that particular license to anyone else, nor, in most cases, exercise these rights himself during the term of the exclusive license. That being said, even if a license is exclusive to a party, it can still be limited in a variety of ways. For example, a license can have a temporal or geographical limitation. The license could also forbid transfer or assignment of the license from the licensee to another party without the express permission of the copyright owner. And the license scope could encompass a single right or several rights (e.g., to display, to distribute, to reproduce, to perform). Moreover, an exclusive licensee, unless limited otherwise, can typically bring an infringement lawsuit without joining the licensor.

On the other hand, a non-exclusive license can be oral and even implied by the course of dealing of the parties. A non-exclusive license permits the licensee and others to use the copyrighted work simultaneously, and even in the exact same ways. In addition, a non-exclusive licensee cannot independently pursue claims of infringement. Understanding the scope and terms of the license you either grant

to others or seek to obtain is critically important.

Employees often believe that they do not need to obtain a license because their use of a particular work constitutes “fair use.” Although “fair use” of a copyrighted work is a defense to allegations of infringement, the concept of fair use is quite technical and fact-specific under copyright law, and often does not encompass the types of uses employees may believe it does. At a very high level, when determining if a particular use of a work constitutes fair use, you should carefully consider the following factors: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit or educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for, or value of, the copyrighted work.¹⁰ A few (non-exhaustive) examples of potential fair uses include: use of a quotation of a short passage from a scholarly article for educational purposes; use of a work for commentary or criticism; or use in a parody. Even as to these examples, however, the evaluation of fair use is a very fact-intensive inquiry.

I downloaded it from a music service – do I really need a license?

Although music is often easily accessible through a quick download from an online music service, or even

Notably, the Copyright Act imposes a compulsory license scheme, which simplifies and allows for use of a musical composition in certain circumstances. In other words, if you want to use a musical composition, the copyright owner does not have the ability to refuse you a license, or even to set the price.

as part of another work, such as a movie or TV show, if an employee uses or distributes that music without the proper license(s) to do so, your company might be facing a copyright infringement claim. Generally, unless it is in the public domain, you must obtain proper licenses to use music in almost any capacity. And with music in particular, licensing requirements can be quite complex. Music copyright rights distinguish between musical works and “sound recordings.” Often, both types, which are independently held and enforceable, are present in a single musical performance. Therefore, if your company plans to use a musical work, you need to carefully determine the owner(s) of the various rights in the work and the accompanying sets of licenses required to cover each of the distinct aspects that make up the musical work as a whole.

Is this a musical work?

A musical work consists of several components, including the composition, arrangement, recording, and underlying lyrics. Copyright protection might attach to each of the distinct elements comprising the work as a whole, such as: the original composition or the author’s compilation of the work, including potentially both music and lyrics; the musical arrangement, or the modification of the underlying music for a particular performance; and the recording of a performance in a form that allows reproduction or distribution. Although it is possible that all of these copyrightable parts of a musical work may be owned by the same copyright owner, that is not typically the case. For example, the composer may own rights in the lyrics, but the recording company may own rights in the master track. Issues often also arise when parts of the work are in the public domain, such as the music and lyrics, but the arrangement and recording are not.

Notably, the Copyright Act imposes a compulsory license scheme, which simplifies and allows for use of a musical composition in certain circumstances.¹¹ In other words, if you want to use a musical composition, the copyright owner does not have the ability to refuse you a license, or even to set the price. The license is automatic and the price is standardized at a fixed rate. Compulsory licenses apply to musical compositions fixed on sound recordings; however, the compulsory license is only for the use of the musical composition. You must still obtain a sound recording license before you can make digital distributions of specific recordings.

Or is this a sound recording, or is it both?

If your company wants to use a sound recording and a musical composition, you will need a specific license that encompasses both. A license to use a

How to register a copyright

To properly register a work, you must file with the US Copyright Office three things:

1. A properly completed application form (available online);
2. A non-refundable filing fee; and,
3. A non-returnable deposit of the work you are seeking to register, which generally consists of two copies of the work.¹⁹

sound recording allows you to use the actual recording itself — the sounds, including the artist’s interpretation of the musical composition, as well as the creative efforts of the producer, sound engineers, and background musicians. Often, it is the record company (though sometimes only the musician) that owns the copyright in the “master” sound recording, and you will need to negotiate the license with the company directly, unless they have an agreement with a licensing agency to negotiate on their behalf. It is also important to remember that if you want to use a musical composition or a sound recording in an audiovisual work, you must obtain a synchronization (sync) license for the musical composition, the sound recording, or both, depending upon the respective copyright status of each.

*But I got it as an email;
I still can’t forward it?*

No. Proper licensing is required for all periodicals, even when received in email form (or as an email attachment). And employees need to be given clear compliance guidelines, including a warning that they cannot just copy, email, or otherwise distribute periodicals, even if only circulated within the company, without a license. This is particularly important because, under some circumstances, a plaintiff can seek to recover statutory damages in an amount of US\$750 to US\$30,000 for each infringed work (up to US\$150,000 for willful infringement).¹² Potential damages therefore can quickly add up for a company if its employees are copying, forwarding, or otherwise distributing daily or weekly newsletters or periodicals without proper authorization to do so.

*This is the perfect photo;
can I just cut and paste it?*

No. It is easy to find the “perfect” image on the internet through a simple Google search. It might seem equally easy to cut and paste that image onto

Hiring a marketing or advertising agency: A checklist

Any marketing, advertising, or other project outsourced to a third-party agency should be memorialized in a written and signed contract that includes at least the following provisions to minimize the likelihood of copyright infringement claims and protect your company should such claims arise:

WORK FOR HIRE PROVISION

- If the work at issue meets the requirements of a work for hire, make it expressly clear in the contract that all of the work product created as part of the project will be deemed to be a “work made for hire;” if not, your company will not own the copyright rights in the work product from the project.

ASSIGNMENT PROVISION

- Even if a work for hire provision exists in the contract, include an explicit provision in the contract that all intellectual property created as part of the project, including copyrights, is assigned to your company.

LICENSES PROCUREMENT PROVISION

- Include a provision in the contract that explicitly puts the burden on the outside agency/contractor to obtain all proper licenses for material used as part of the project that the agency does not independently create.

INDEMNIFICATION PROVISION

- Include an indemnification provision in the contract that will fully indemnify your company for any allegedly infringing uses of copyrighted material by the outside agency/contractor in the project deliverables, including as a result of a failure to obtain proper licenses. This provision is vitally important when your company does not control the sources of material used in a particular project. You should also carefully scrutinize any provisions in the agreement that would cap the liability of the third-party agency or contractor, so as not to undermine the value of this indemnification obligation.

your company website or Facebook page, or to cut and paste posts and articles found on a blog. This type of activity is impermissible and can lead to a copyright infringement lawsuit. Just because an image is on the web, Facebook, Instagram, or Twitter does not mean that it is automatically available for public use without a proper license. Additionally, even websites offering images for public use or “royalty free” may do so under certain restrictions, so it is very important to read the fine print of any such offer, as a license may still be required (e.g., for commercial uses). Finally, the use

of web-based content should be addressed, among other things, in any contract for marketing or other collateral created by an outside agency for your company. The sidebar provides more information and a checklist for this situation.

The internet is a quagmire of copyright issues. Many companies have learned the hard way that unlicensed uses of web content by a simple cut and paste can lead to millions in damages, as copyright infringement carries the very real possibility of hefty monetary recovery for the plaintiff, including the plaintiff’s actual damages (e.g., lost

Open source licensing

There are a plethora of available open source software options. Some of the more well-known are the following:

- Mozilla Firefox;
- Linux;
- OpenOffice; and,
- Apache HTTP.²⁰

One of the most popular open source licenses is the GNU General Public License (GPL).²¹ GPL requires that all derivative works be distributed according to its specific license terms.²² According to GPL's terms, all modifications and developments must also be open source, and license fees are forbidden.

Although attractive, open source licenses are not without risks. For example, in what has now become a seminal case in the context of open source software licensing, *Jacobsen v. Katzer & Kamind Associates, Inc.*, the US Court of Appeals for the Federal Circuit was presented with the question of whether a breach of an open source license could support a copyright infringement claim. Jacobsen, who created open source software for model trains and model train enthusiasts, sued Katzer because he did not abide by the requirements of Jacobson's public license by not including the proper attribution on his commercial product, which used Jacobson's code. Although the lower court found that the license governing Jacobson's open source code sounded in contract and not copyright, the Federal Circuit reversed and held that the emphatic requirements of the open source license governed the users' modification and distribution rights, and failure to comply with the specific terms of that license could serve as the basis of a copyright infringement claim within the open source context and thus potentially result in copyright damages.²³

licensing fees) and profits earned by a defendant from the unauthorized use of images or other content (or, as an alternative if certain requirements are met, statutory damages of up to US\$30,000 per infringed work and up to US\$150,000 per work if the infringement is found to be willful).¹³ Moreover, the Digital Millennium Copyright Act (DMCA) provides for minimum statutory damages of US\$2,500 to US\$25,000 for each violation.¹⁴

The smiley face emoji says it all, but can I use it in this ad?

Probably not. In this era of fast-paced technological development, it is sometimes unclear where certain works fall in terms of protection under established copyright law. One such area is the increased use of emojis

by companies in their advertising activities. Emojis are regulated by the Unicode Consortium, and although Unicode claims copyright in the text of the Unicode standard,¹⁵ it is still undetermined whether the individual code underlying an emoji would be protectable. Currently, there is scant case law on the subject, and it is uncertain as to how courts will apply copyright law to emojis. Additionally, it is unclear if emojis would be categorized as typefaces — which are generally not afforded copyright protection.¹⁶ However, because of the pictorial nature of an emoji, and the low level of originality required for copyright protection, there is an argument to be made that emojis are copyrightable, even if that protection is found to be relatively weak or thin.

Given the potential of an infringement claim, it is wise to err on the side of permission when using emojis, particularly when those uses appear in a commercial context.¹⁷

But this is open source. I surely don't need a software license!

Computer programs and software are protectable under copyright law. In general, there are two types of source codes: open source and closed source, both of which have distinct licensing schemes. A closed source license only allows use according to the terms of the underlying license, and, therefore, is more akin to a traditional proprietary licensing scheme. Closed source code is distributed in object code form, and is difficult to copy, modify, or even reverse engineer. Thus, it is no surprise that a closed source license typically does not allow for modification or distribution.

An open source license, on the other hand, permits a licensee to copy, add to, adapt, and distribute the source code. Open source code is often called “free software,” however, this is a misnomer because open source code is not in the public domain and must still be used according to the terms of the license granted by its owner. And although the licensee will own all derivative works it creates from an open source code, an open source code license requires that those works be distributed in source code, not object code.¹⁸ This means that a company that has invested in and developed modifications to its software might be required to share that information or, ultimately, breach the terms of the license. It is additionally important to confirm that the open source code your company uses or adapts is not, in the first instance, based on an infringement of a third party's rights. Likewise, the open source code must be used within the parameters permitted under the license to avoid potential liability. The

practical implication is that, whether your company is acquiring software licenses or creating and protecting its own software, the company needs to determine definitively which types of licenses are applicable, and then adhere to the terms of those licenses.

Conclusion

Despite offering great advantages and accessibility of information, the plethora of easily accessible content available on the internet and on social media platforms is riddled with the danger of infringement if that content is not used properly. It is important for your company to stay vigilant and aware of the potential liabilities created through employees' use of such content, and to develop and implement guidelines and training materials for employee education. Although copyright law is complex and nuanced, proper licensing of content prior to its use, and registration of original content your company creates, will go a long way to ensure both that your company is protected from potential claims of infringement and that it is able to pursue the possible infringement of its works by third parties. **ACC**

NOTES

- 1 17 U.S.C. § 106 (2016).
- 2 *Id.* § 102.

- 3 *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 US 340, 345 (1991).
- 4 17 U.S.C. § 102(b).
- 5 *Id.* § 302(a).
- 6 *Id.* § 302(b).
- 7 *Id.* § 302(c).
- 8 *Id.* §§ 303-305.
- 9 Available at www.copyright.gov/registration/index.html (last visited April 17, 2017).
- 10 17 U.S.C. § 107.
- 11 *Id.* § 115.
- 12 *Id.* § 504.
- 13 *Id.* § 504.
- 14 *Id.* § 1203(c)(3).
- 15 *Frequently Asked Questions*, available at http://unicode.org/faq/font_keyboard.html (last visited Apr. 17, 2017).
- 16 *Eltra Corp. v. Ringer*, 579 F.2d 294, 298 (Fourth Cir. 1978).
- 17 For further information regarding copyright and emojis, see Gretchen Klebasko, *Presentation at the 2016 ACC Annual Meeting* (Oct. 17, 2016).
- 18 For further information regarding open source code, see Rachel Stern et al., "Open for Business: What Corporate Counsel Need to Know in the Intricate World of Open Source Code," 26 *ACC Docket* 40 (Dec. 2008).
- 19 For current filing fees, please visit www.copyright.gov/docs/fees.html (last visited Apr. 17, 2017).
- 20 For more information regarding the development of open source software, see *Practice Note, Open Source Software*, available at [\(https://1.next.westlaw.com/0-500-4366?_lrTS=20170417213950039&transitionType=Default&contextData=\(sc.Default\)\)](https://1.next.westlaw.com/0-500-4366?_lrTS=20170417213950039&transitionType=Default&contextData=(sc.Default)) (last visited Apr. 17, 2017).
- 21 GNU General Public License, available at www.gnu.org/licenses/gpl-3.0.en.html (last visited Apr. 17, 2017).

Despite offering great advantages and accessibility of information, the plethora of easily accessible content available on the internet and on social media platforms is riddled with the danger of infringement if that content is not used properly.

- 22 *Terms and Conditions*, available at www.gnu.org/licenses/gpl-3.0.en.html (last visited Apr. 17, 2017).
- 23 535 F.3d 1373 (Fed. Cir. 2008).

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Unitary Patent Protection in Europe on its way and then...Brexit (Sept. 2016). www.acc.com/legalresources/publications/topten/unitary-patent-protection-in-europe.cfm

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