

CASE LAW UPDATE: SOFTWARE RELATED COPYRIGHT ISSUES

by Stephen D. Milbrath
(Allen, Dyer, Doppelt, Milbrath & Gilchrist, P.A.)

I. The Registration Requirement

Section 411(a) of the Copyright Act provides in relevant part that:

No civil action for infringement of the copyright in any United States work shall be instituted *until* preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. (emphasis added).

In *St. Luke's Cataract & Laser Institute, P.A. v. Sanderson, M.D., LLC*, 2009 U.S. App. LEXIS 15268 (11th Cir. July 9, 2009), the Eleventh Circuit reaffirmed the rule in this circuit that Section 411(a) creates a jurisdictional prerequisite to a copyright infringement suit. Accordingly, a valid certificate of registration must be obtained before filing suit, unless the Copyright Office has rejected the application and is appropriately given notice of the complaint.

This view may change shortly. The Supreme Court granted certiorari in *In re Literary Works in Electronic Databases in Copyright Litigation*, 509 F.3d 116 (2d Cir. 2007) to consider whether Section 411(a) restricts the subject matter jurisdiction of the federal courts over copyright infringement actions in which suit was filed without obtaining either a registration certificate or a refusal of the application. See, *Reed Elsevier, Inc. v. Muchnick*, 129 S. Ct. 1523 (2009).

II. Misrepresentation in the Copyright Application

Section 411(b) was amended in 2008 by Congress to take account of inaccuracies in the copyright registration. It provides, in part, that a certificate of registration "satisfies the requirements of this section and section 412, regardless of whether the certificate contains any inaccurate information, unless ... the inaccurate information was included on the application ... with knowledge that it was inaccurate; and ... the inaccuracy of the information ... would have caused the Register of Copyrights to refuse registration."

The Eleventh Circuit addressed the import of this section in *St. Luke's*, decided July 9, 2009. The court interpreted Congress' intent as being consistent with prior law, which held that only purposeful concealment or false statements will suffice to invalidate a registration for inaccuracies. 2009 U.S. App. LEXIS 15268 at *37. The

Court held, therefore, that there must be a showing of scienter in order to invalidate a registration, and that an error is immaterial if its discovery would not have led the copyright office to refuse the application. *Id.*

St. Luke's is a useful case, nevertheless, because it illustrates that the intent of the copyright registrant is a question typically for the jury, and in *St. Luke's* the jury did indeed find that the registrant, the former employer of the defendant, had made material misrepresentations about both authorship and originality of the content in registering two separate claims of copyright and website content.

III. Copyright Deposit Requirement

Section 408 of the Copyright Act, 17 U.S.C. §408, requires that the copyright applicant deposit with the Copyright Office a complete copy or phonorecord of the work being registered. For published or unpublished computer programs, the copyright office allows the applicant to send one copy of identifying portions of the program (the first 25 and last 25 pages of the code, for example) together with the page or equivalent unit containing the notice of copyright, if any. The code may be uploaded electronically. The Copyright Office also allows registration of the work under its so-called "rule of doubt," in which case the registration is supported only by the object code.

Copyright Office regulations require that copies or phonorecords so deposited be of the best edition of the work. However, applicants may also ask for "special relief" from deposit requirements, stating why the applicant cannot send the required deposit and what the applicant wishes to submit instead of the required deposit.

Case law addressing this issue has required that the deposit be either an original or a bonafide copy of the work registered. *See, e.g., Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1211 (9th Cir. 1998). If the work so deposited is not bonafide, the registration can be deemed invalid. *Id.*

A recent case addressing this issue is *Tavory v. NTP, Inc.*, 2008 U.S. App. LEXIS 23092 (Fed. Cir. Oct. 28, 2008) (nonprecedential). The deposit requirement was also at issue in *St. Luke's*, in which the trial court allowed the defendant to argue, and the jury found, that the copyright registrant had committed fraud in the Copyright Office by seeking special relief from the deposit requirement when it knew that it was in fact registering website content that represented 95 percent of an earlier work for which a registration had already been obtained. *St. Luke's*, 2009 U.S. App. LEXIS at *20-22. This case underscores the potential for exploiting sloppy registration practices in copyright registrations where some level of deception is also involved.

Sloppiness in registration, or deception, was also involved in *Torres-Negron v. J&N*

Records, LLC, 504 F.3d 151 (1st Cir. 2007). There a songwriter reconstructed, without firsthand access to the original, a so-called copy of the work for purposes of satisfying the deposit requirement. The court held that the songwriter's submission of the reconstruction with the registration application was not sufficient.

The court acknowledged the longstanding rule that only material falsehood would invalidate a registration, but this did not mean that a registrant is permitted to reconstruct the content of the work and claim that it is a bonafide "copy" of it. The court reasoned that "submission of something other than a 'copy' to satisfy the deposit copy requirement cannot be classified as an 'immaterial' mistake because the failure to submit a valid copy would affect the copyright office's issuance of a certificate." *Id.* at 504 F.3d 159. The court also stated:

A failure to include a valid copy with the registration application, as required by statute, is *necessarily* a material omission and cannot be evaluated under the "inadvertent and immaterial mistakes" rule.... 504 F.3d at 159 (emphasis added).

The court further held that because the registration was invalid, there was no federal subject matter jurisdiction to adjudicate the copyright claim. *Id.* at 160.

This holding has application to computer copyright litigation because it is often very difficult to obtain a "bonafide copy" of the original source code of a program. Programmers often delete, on purpose, earlier versions of the code for accurate archival purposes – without keeping any backup.

The *Torres-Negron* decision suggests that depositing a reconstructed version of the code may be quite hazardous. The court stated:

In sum, we conclude that a reconstruction, created without first-hand access to the original, cannot constitute a "copy" sufficient to satisfy the deposit copy requirement in 17 U.S.C. §408(b). Submission of a reconstruction with a copyright registration application results in an incomplete application, thus rendering the federal courts without jurisdiction over a copyright infringement claim.

A useful summary of the case law in this area is the recent decision in *Mortgage Marketing Guide, LLC v. Freedman Report, LLC*, 2008 U.S. Dist. LEXIS 56871 (D. N.J. July 28, 2008). There the district court notes, discussing prior cases:

In each of the foregoing cases, the plaintiff was trying to enforce a copyright in work x but had deposited a copy of work y. Work y was either a reconstruction of work x, see *Kohl's*, 282 F.3d at 802; *Kodadek*, 152 F.3d at 1212, or a revised version of work x, see

Geoscan, 226 F.3d at 393; *Dynamic Solutions, Inc.*, 646 F. Supp. 1329. The courts in *Kohl's*, *Kodadek* and *Geoscan* each held that a plaintiff's registration could not support an infringement action when the works deposited were not "bonafide copies of the original work" in which the copyright was claimed. *Geoscan*, 226 F.3d at 393.

2008 U.S. Dist. LEXIS at *73.

Another useful recent case is *Lucky Break Wishbone Corp. v. Sears Roebuck & Company*, 2008 U.S. Dist. LEXIS 7741 (W.D. Wash. Jan. 18, 2008), related case at 2008 U.S. Dist. LEXIS 90931 (W.D. Wash. Oct. 24, 2008) (after jury verdict). In *Lucky Break* the work at issue was a plastic sculpture resembling a turkey wishbone. The work was created using a computer model to generate the mold. Sears, as the defendant, questioned whether the deposit requirement had been met by the deposit of a bonafide copy of the claimed work. Interpreting the requirement literally, the court held that to be a bonafide copy, the deposit had to be virtually identical to the original, and the copyright applicant had deposited not a virtually identical copy of the prototype, but a virtually identical copy of a production sculpture, and the prototype and production wishbones were not virtually identical for purposes of registration. The court therefore held that it "will dismiss Lucky Break's copyright infringement claim in the prototype wishbone ... unless Lucky Break supplements its registration pursuant to 17 U.S.C. §408(d) or registers a prototype wishbone with the U.S. Copyright Office within 30 days of the entry of this order." 2008 U.S. Dist. LEXIS 7741 at *15.

IV. Substantial Similarity and Summary Judgment Practice

Actionable similarity, or substantial similarity, exist where "an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir. 1982). This involves tracing original content into the unauthorized copy and proving that the content of the copy is not only expressive but so "extensive that it rendered the offending and copyrighted work substantially similar." *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1542 (11th Cir. 1996), quoting from *Lodis Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807, 813 (1st Cir. 1995), affirmed by an equally divided court, 516 U.S. 233 (1996).

The usual view in the Eleventh Circuit has been that substantial similarity is a question for the jury unless "no reasonable jury could differ in weighing the evidence." *Leigh v. Warner Brothers, Inc.*, 212 F.3d 1210, 1214 (11th Cir. 2000).

Recent cases demonstrate, however, that this notion is eroding and that courts are more willing to grant summary judgment in copyright cases. *Oravec v. Sunny Isles Luxury Ventures, L.C.*, 527 F.3d 1218 (11th Cir. 2008) is a good illustration of this

point. *Oravec* became convinced that the Trump Palace in Miami was a copy of his architectural designs and so filed suit in the Southern District of Florida for copyright infringement. The district court granted summary judgment on the grounds that Oravec could not prove that the designs of the Trump buildings, though similar, were so substantially similar at the level of protected expression as to infringe his works. The court acknowledged the reluctance in past Eleventh Circuit authority to grant summary judgment on this ultimate issue:

Some courts have viewed summary judgment as inappropriate in the copyright infringement context because of the *inherently subjective nature of the inquiry* ... However, we have recognized that noninfringement may be determined as a matter of law on a motion for summary judgment, either because a similarity between two works concerns only non-copyrightable elements of the plaintiff's work, or because no reasonable jury, properly instructed, could find that the two works are substantially similar. *Herzog v. Castle Rock Entm't*, 193 F.3d 1241, 1247 (11th Cir. 1999) ... 527 F.3d at 1223.

The *Oravec* court goes on to note that "not all copying constitutes infringement" and that the focus must be on whether the similarity is with regard to its protected elements:

Not all copying constitutes infringement ... and therefore we have emphasized that the substantial similarity analysis 'must focus on similarity of expression, i.e., material susceptible to copyright protection' ... Thus in an action for infringement, it must be determined both whether the similarities between the works are substantial from the view of the lay [observer] and whether those similarities involve copyrightable material. *Herzog*, 193 F.3d at 1248.

This reliance on prior authority notwithstanding, the tone of the court's opinion, and its emphasis on use of summary judgment to decide what ordinarily would be left to the jury, is new. The panel opinion even goes on to characterize the *Herzog* opinion, from which it quotes, *Herzog v. Castle Rock Entm't*, 193 F.3d 1241 (11th Cir. 1999), as "something of an anomaly in our copyright jurisprudence." 527 F.3d at 1224. In *Herzog* the court had formulated an intrinsic test whereby the question to ask on summary judgment is whether a reasonable jury would find the works to be substantially similar. "A court may grant summary judgment for a defendant as a matter of law if the similarity between the two works concerns only noncopyrightable elements of the plaintiff's work or if no reasonable jury would find that the two works are substantially similar. *Herzog* at 193 F.3d 1257. *Oravec* declares this *Herzog* formulation as "not useful" because the ultimate question is but a single inquiry: whether a reasonable jury can find the competing designs substantially similar "at the level of protected expression." 527 F.3d 1224.

The *Oravec* opinion goes on to discuss the ad hoc nature of all determinations involving the idea/expression dichotomy. But this was precisely why cases prior to *Oravec* tended to allow the jury to decide these issues, since they are by nature ad hoc and fact-laden.

Affirming the district court's analysis, the court held that there were similarities between *Oravec*'s designs and the Trump buildings, but those similarities were only at the "conceptual level" and therefore that no reasonable jury could find the competing work substantially similar "without implicitly finding that *Oravec* owns a copyright in an idea." *Oravec* at 1226.

The *Oravec* court explained:

As the district court observed, to include otherwise would require a finding that *Oravec* owns a copyright in the concept of a convex/concave formula or in that of using three external elevator towers that extend above the roof of the building. Such a conclusion would extend the protections of copyright law well beyond their proper scope ... For similar reasons, we also reject *Oravec*'s argument that he can establish substantial similarity on the basis of his selection of design elements ... The selection that *Oravec* is seeking to protect is too generalized to qualify as protected expression. The copyright claim by *Oravec* would encompass any building that combined a concave/convex structure, three external and protruding elevator towers, and various common building features, however any of these elements might be expressed. Were we to grant him such a right, we would effectively bar all other architects from incorporating these concepts into new and original designs. *Id.* at 1228.

Intervest Construction, Inc. v. Canterbury Estate Homes, Inc., 554 F.3d 914 (11th Cir. 2008) is another architectural copyright case in which the court continued to chip away at the old notion that substantial similarity issues are nearly always for the jury. The court noted, in reviewing the granting of summary judgment of noninfringement, that "we have recognized that summary judgment may be *inappropriate in certain types of copyright infringement cases*," but went on to note that summary judgment had been approved "particularly" in cases where "there may be substantial similarity with respect to the non-copyrightable elements of the two works compared," citing *Oravec*. 554 F.3d at 920. (Emphasis added).

Speaking for the panel, Judge Birch goes on to say:

When the crucial question in a dispute involving compilations is substantial similarity at the level of protectable expression, it is often *more reliably* and *accurately* resolved in a summary judgment

proceeding. This is so because a judge is better able to separate original expression from the non-original elements of a work where the copying of the latter is not protectable and the copying of the former is protectable. (554 F.3d at 914).

This is a radical statement from a judge who has taken sometimes radical views in attempting to narrow copyright protection. Judge Birch's opinion can be contrasted, for example, with *Beal v. Paramount Pictures Corp.*, 20 F.3d 454 (11th Cir. 1994) in which the Eleventh Circuit panel, citing Second Circuit authority, remarked that some courts "have observed that summary judgment is peculiarly inappropriate in copyright infringement cases due to their inherent subjectivity." *Beal* at 20 F.3d 459, citing *Hoehling v. Universal City Studios*, 618 F.2d 972, 977 (2d Cir.), cert denied 449 U.S. 841 (1980).

Explaining this new preference for summary judgment determinations, Judge Birch states:

The judge understands the concept of the idea/expression dichotomy and how it should be applied in the context of the works before him. As we have observed, 'this distinction – known as the idea/expression dichotomy – can be difficult to apply, as there is no bright line separating the ideas conveyed by a work from the specific expression of those ideas.' *Oravec*, 527 F.3d at 1224. Moreover, in examining compilations wherein only the arrangement and coordination of elements which by the nature of the work (here architectural floor plans) are sure to be common to each of the works and are not copyrightable themselves (spacial depictions of rooms, doors, windows, walls, etc.), the already difficult task may become even more nuanced. Because a judge will more readily understand that all copying is noninfringement, particularly in the context of works that are compilations, the '*substantial similarity*' test is more often correctly administered by a judge rather than a jury – even one provided proper instruction. 554 F.3d at 920 (emphasis added).

This analysis comes very close to determining that substantial similarity, like a *Markman* determination, is a matter of law for the court rather than a matter of fact for the jury. If this is in fact the new received wisdom of the Eleventh Circuit in copyright cases, it is a change of substance and materiality to the detriment of plaintiffs.

V. So-Called Thin Copyright Works

As Judge Birch's opinion in *Intervest Construction* suggests, courts are beginning to limit the level of protection available for certain types of works, particularly

compilations or derivative works, where the original content can be viewed as "thin." *Feist Pub'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349 (1991). Such works have been characterized as "low authorship" works by Professor Jane Ginsburg, a noted copyright scholar. See, *Jane C. Ginsburg, A Creation and a Commercial Value: Copyright Protection for Works of Information*, 90 Colum. L. Rev. 1865, 1866-71 (1990). The *Feist* decision, from which the thin protection notion originated, dealt with a compilation, defined as a work "formed by the collection and assembling of preexisting materials or of data that are selected, coordinated or arranged in such a way that the resulting work as a whole constitutes an original work of authorship." 17 U.S.C. §101. A compilation can include a computer database of "facts" selected, coordinated or arranged in such a way as to meet the test for originality.

Similarly, a derivative work may also have "thin" protection because a derivative work is by definition a "work based upon one or more preexisting works, such as a translation, a musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be *recast, transformed or adapted.*" 17 U.S.C. §101. In the digital context, derivative works are a frequent occurrence. Version 5.0 of a computer source code, for example, is probably a derivative work because it incorporates the preexisting versions of the program in whole or in part, but it does so in such a way as to recast, transform or adapt it. See, e.g., *Montgomery v. Noga*, 168 F.3d 1282 (11th Cir. 1999) (addressing copyrightability of versions of computer source code.)

The "thinness" of protection for compilations and derivative works in particular have led some courts to adopt, as a policy matter, the rule that the Copyright Act only protects against literal or wholesale copying. See, e.g., *Apple Computer v. Microsoft Corp.*, 35 F.3d 1435, 1446 (9th Cir. 1994). In *MiTek Holdings v. Arce Eng'g Co.*, 89 F.3d 1548, 1558-59 (11th Cir. 1996), Judge Birch, speaking for an Eleventh Circuit panel, broadly adopted the Ninth Circuit view, at least for nonliteral elements of a computer program:

This circuit has not established the standard that should be used in analyzing claims of compilation copyright infringement of nonliteral elements of a computer program. Today, we join the Ninth Circuit in adopting the "bodily appropriation of expression" or "virtual identity" standard. 89 F.3d at 1558.

In *BUC International Corp. v. International Yacht Council, Ltd.*, 489 F.3d 1129 (11th Cir. 2007), in an opinion written by Judge Tjoflat, an Eleventh Circuit panel refused to apply Judge Birch's *MiTek* holding to computer compilations generally. The panel reasoned that the Eleventh Circuit had adopted the substantial similarity standard by an en banc ruling in *BellSouth Advert. & Publ'g Corp. v. Donnelley Info.*

Publ'g, Inc., 999 F.2d 1436, 1440 (11th Cir. 1993) (en banc). Because *BellSouth* was en banc, *MITek* did not overrule the standard for compilations generally, and therefore substantial similarity in its usual sense was "the appropriate standard." 489 F.3d 1129 at 1149.

Judge Birch's opinion in *Intervest* continues the debate with Judge Tjoflat and Buck. For in *Intervest*, Judge Birch states, speaking for a unanimous panel:

While a creative work is entitled to the most protection, a compilation is entitled to the least, narrowest or "thinnest" protection ... Accordingly, when courts have examined copyright infringement claims involving the compilations the definition of substantial similarity has been appropriated modified to accentuate the narrower scope of protection available. *Intervest* at 554 F.2d 921.

Using this as a premise, Judge Birch reasons, in *Intervest*, "[g]iven that the plans at issue are protected by compilations copyrights which were 'thin' the district court correctly determined that the differences in the protectable expression were so significant that, as a matter of law, no reasonable properly-instructed jury of lay observers could find the work substantially similar." 554 F.3d at 921.

How to reconcile these particular holdings in a specific case may prove daunting, but it is fair to assume that in any case in which a copyright protection is "thin", including a derivative work, there is now a substantially better chance of obtaining summary judgment of noninfringement.

VI. Laches

Prior cases in the Eleventh Circuit have been equivocal about whether laches is available in a copyright infringement action as a defense, especially where the defense is invoked as a purported bar to a suit brought within the three year statute of limitations available by the Copyright Act. See *Calhoun v. Lillenas Publishing*, 298 F.3d 1228, 1236 (11th Cir. 2002). In *Peter Letterese & Assocs. v. World Inst. of Scientology Enters.*, 533 F.3d 1287 (11th Cir. 2008), the Eleventh Circuit was also equivocal about whether laches may be interposed to a timely copyright infringement suit. The court answered the question "with a presumptive 'no'", stating "there is a strong presumption that a plaintiff's suit is timely if it is filed before the statute of limitations has run. Only in the most extraordinary circumstances will laches be recognized as a defense." 533 F.3d at 1320.

The court goes on to note, however, that laches serves as a bar only to the recovery of retrospective damages and not to prospective relief. This is true even though courts have permitted laches to bar injunctive relief in trademark cases. (*Id.* at 1322.) The court reasoned that the separation of powers principle precludes the

application of laches to bar a federal statutory claim that has been timely filed under an express statute of limitations. Thus, concluded the court, a copyright suit may go forward notwithstanding the defense of laches, at least for the purpose of seeking prospective relief.

VII. Fair Use

The Eleventh Circuit also addressed the defense of fair use, and affirmed in part and denied in part a summary judgment finding invoking the fair use doctrine. The *Letterese* opinion is a useful summary of accepted fair use doctrine.

VIII. Copyright Infringement and Open Source Licenses

Much software today is developed under open source license arrangements, which typically allow the copyright owner to preserve control over the creative work while allowing various programmers who contribute content to collaborate among themselves and incrementally develop improvements. An open source license will typically allow a user to copy or modify the code and publicly distribute works derived from it. A representative license is a general public license or GNU GPL in wide use on such sources as freshmeat.net.

In the rapidly evolving world of software development, however, software developed pursuant to an open source license is often used as a base on which to develop derivative works or modules for larger commercial products in which copyright is claimed and in which the owner asserts the right to exclude others from competition – notwithstanding the early reliance upon some portion of open source licensed code. One of the first cases to address the implications of such hybrid software products – software using proprietary code mixed with public source developed code – was *Jacobsen v. Katzer*, 535 F.3d 1373 (Fed. Cir. 2008). The *Katzer* decision holds that copyright owners who grant open source licenses may sue those who violate their open source license terms for copyright infringement.

The plaintiff was an open source software group that developed software through the peer efforts of many programmer, and made its program freely accessible on the web under an open source license. One of its programs was called Decoder Pro, which controlled model trains. The copyright notice on the product directed users to a copying file in which the artistic license was set forth. The plaintiff Jacobsen contended that Katzer downloaded and used part of the Decoder Pro in a competing product called Decoder Commander and violated the terms of the artistic license by, among other things, refusing to give credit to Jacobsen as the source for the original code. The federal circuit held that Katzer, who admitted copying and using Decoder Pro software, violated the express terms of the artistic agreement and therefore was liable for copyright infringement.

The case is a warning to developers that open source or public licensed software is not public domain software, and therefore that an action for infringement would lie on unauthorized use of such software in a derivative commercial product. *Jacobsen v. Katzer* has application to any number of contexts for copyright lawyers. A downstream customer, for example, who buys a software product thinking that it is copyrighted and protectable, but which in fact incorporates open source content, might be liable for copyright infringement.