THE THREE P'S: A TRIBUTE TO DUANE WEBSTER

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Abstract

Duane Webster's leadership in the area of copyright policy demonstrates three characteristics: perseverance, pragmatism, and partnership. These characteristics are visible in the foundation and operation of the Library Copyright Alliance (LCA). LCA's successful campaign to defeat a legislative initiative in the 110th Congress to increase copyright statutory damages reflects these three characteristics.

Three common threads can be found in this symposium's tributes to Duane Webster's leadership—three characteristics that begin with the letter *p*: perseverance, pragmatism, and partnership. I have witnessed Duane display these three characteristics in the context of copyright policy.

In the early 1990s, the Association of Research Libraries (ARL) directors and Duane became increasingly aware of the importance of copyright law to libraries in the digital age. Duane pragmatically recognized that the only way to influence the law in a positive manner was to become involved directly in the legislative process and lobby for provisions important to libraries. Moreover, Duane understood that effective lobbying requires a long-term commitment. Lobbying is like trench warfare, and to prevail one must persevere. Finally, Duane appreciated that an ARL legislative effort was more likely to succeed if ARL had partners.

Accordingly, Duane worked with the leadership of four other library associations—the American Library Association, the American Association of Law Libraries, the Medical Library Association, and the Special Libraries Association—to form what originally was called the Shared Legal Capability. Later, the name of this entity was changed to the Library Copyright Alliance. LCA is the primary voice of the United States library community on copyright policy issues.[1]

The three characteristic *p*'s of Duane's leadership have remained visible not only in the founding of LCA but also in its ongoing operation. The library associations worked well together, in part, because of the example Duane set of always putting the mission before his ego. He also always placed tangible results before attention for himself or ARL. He was willing to support LCA financially year after year, to devote staff time from Prue Adler, as well as attend its retreats and other meetings to signal ARL's strong institutional commitment. And he always encouraged LCA to partner with other organizations that shared LCA's objectives.

Over the years, LCA has had many successes, which typically reflect the three *p*'s of Duane's leadership. In 2008, for example, great progress was made in connection with orphan works legislation. An orphan work is a work whose copyright owner cannot be identified or located. LCA has worked on this issue for over four years, submitting comments to the Copyright Office, participating in roundtables and negotiations, and writing analyses and letters. This perseverance has paid off; an orphan works bill passed the Senate, and was reported out of the House Subcommittee on Courts, the Internet, and Intellectual Property.[2] If we continue to persevere in the current Congress, we might see the enactment of an effective legislative solution to this problem.

In addition to LCA's perseverance, this progress can be attributed to LCA's willingness to partner with other entities supportive of legislation, including associations representing publishers, universities, museums, public broadcasters, and documentary filmmakers. Another essential factor has been LCA's pragmatism, demonstrated by its ability to compromise. This pragmatism has given LCA a seat at the table at the critical discussions about legislative language.

Perhaps even more important than LCA's advancing legislation helpful to libraries is obstructing legislation harmful to libraries. One of the library community's greatest "negative" achievements of this sort was its nearly decade-long campaign against enactment of database legislation. In this effort, libraries partnered with Internet companies, providers of financial services, and the science community, jointly pursuing creative strategies to block very persistent proponents of legislation.[3]

More recently, LCA helped defeat a measure that would have significantly increased copyright statutory damages. Because LCA's participation in this battle reflects the three defining characteristics of Duane's leadership, the balance of this article will discuss this struggle in more detail.

The Status Quo for Copyright Damages

The Copyright Act allows the copyright owner "to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages."[4] Alternatively, the copyright owner, at any time before final judgment is

rendered, may elect to recover statutory damages "instead of actual damages and profits."[5] For all the infringements involved in an action, with respect to any one work, the damages can range from $750 to $30,000, "as the court considers just."[6] In cases of willful infringement, the court can increase the award of statutory damages up to $150,000; and, in cases of innocent infringement, in which the infringer was not aware and had no reason to believe that his acts constituted infringement, the court has the discretion to decrease the award to $200.[7]

As noted, Section 504(c)(1) allows for one award of statutory damages per work, regardless of the number of infringements of that work. Additionally, Section 504(c)(1) provides that "[f]or the purposes of this subsection, all the parts of a compilation or derivative work constitute one work."[8] The Copyright Act defines a compilation as "a work formed by the collection and assembling of preexisting materials or data."[9] The act defines a derivative work as "a work based on one or more preexisting works…in which a work may be recast, transformed, or adapted."[10] Under the last sentence of Section 504(c)(1)—the so-called "one work rule"—only one award of statutory damages could be made for the infringement of an anthology of 10 short stories or a computer program that had five major releases.

Since its inclusion in the 1976 Copyright Act, the one work rule has not been the subject of judicial controversy. Courts consistently have ruled that a record label could receive only one award of statutory damages for the infringement of a compact disc that contained numerous tracks assembled by the label.[11] At the same time, courts have made clear that the one work rule applied to compilations assembled by the plaintiff, not the defendant.[12] In other words, the infringer could not reduce his exposure to statutory

damages by bundling multiple works. Nonetheless, bills in previous Congresses have proposed the repeal of the one work rule.[13]

Prioritizing Resources and Organization for Intellectual Property (PRO-IP) Act

The *PRO-IP Act* of 2007, as introduced, included at **S**ection 104 a provision that replaced the one work rule with language entitling a copyright owner to "recover statutory damages for each copyrighted work sued upon that is found to be infringed" and allowing a court to "make either one or multiple awards of statutory damages with respect to infringement of a compilation…or a derivative work and any preexisting works upon which it is based."[14] The amendment stated that "[i]n making a decision on the awarding of such damages, the court may consider any facts it finds relevant relating to the infringed works and the infringing conduct, including whether the infringed works are distinct works having independent economic value."[15]

This change would significantly increase the potential award a copyright holder could receive. For example, a defendant who is found liable for infringement of 10 tracks from the same CD, under the current one work rule, is only liable for one award of statutory damages, ranging from a minimum of $200 (for innocent infringement), to a maximum of $150,000 (for willful infringement). However, under proposed Section 104, a court could make a separate award for each track, expanding the amount of statutory damages to $1.5 million. Further, each track could actually contain three copyrights—one for musical composition, one for the lyrics, and one for the sound recording—driving the

potential statutory damages up to $4.5 million. Because of its sweeping effect, Section 104 quickly became the most controversial provision of the broader *PRO-IP Act*.

The Arguments in Favor of Repeal of the One Work Rule

In contrast to the very public debate concerning other provisions of the *PRO-IP Act*, the proposed repeal of the one work rule had a relatively low profile. Indeed, although it was widely assumed that the record labels and the music publishers stood behind the repeal, there are no publicly available written documents to that effect. Moreover, the sponsors of the *PRO-IP Act* never provided a detailed articulation of the rationale for the proposed repeal. At a hearing on the *PRO-IP Act* on December 13, 2007, Judiciary Committee Chairman John Conyers (D-MI) briefly stated with respect to the one work rule that "the current law is outdated. Damages need to reflect that fact that we live in a world where music and published works are being consumed in bite-sized pieces, not just in albums or whole books."[16] Similarly, IP Subcommittee Chairman Howard Berman argued that, although he understood why the one work rule was enacted at "a very different time when technology was very different," he questioned the current "policy reason to distinguish between infringer 'A' who takes 20 photos from one site, and infringer 'B' who takes 20 photos, one each from 20 Web sites."[17] Importantly to Chairman Berman, "104 authority [modifying the one work rule] is a discretionary authority. It is not a mandate."[18]

At the hearing, in a case of dueling analogies, Mr. Rick Cotton of NBC-Universal argued that the judicial discretion permitted in the proposed amendment was similar to the distinction a court would make between petty larceny and grand larceny, in which the "criminal assessment is exactly the extent of the damage and the extent of the criminal

act."[19] Accordingly, Mr. Cotton asserted, the court should be able to look at the "number of infringements involved, and therefore the extent of the damage to what…may be multiple different owners and creators."[20] This metaphor was countered by Congressman Adam Schiff (D-CA), who instead analogized application of the one work rule to the theft of a car, saying that "when we charge someone with theft of an automobile" we do not "charge them with theft of an automobile, theft of the radio in the automobile, theft of the seats in the automobile, or the theft of a briefcase in the automobile, even though the briefcase might belong to someone different than the automobile belonged to."[21]

The Arguments Against Repeal of the One Work Rule

The opponents of the amendment, which included LCA, technology companies, and public broadcasters, explained the basis of their opposition in detail at a meeting on Section 104 hosted by the Copyright Office on January 25, 2008,[22] and in a written submission to the office after the roundtable.[23] Much of the meeting, and the subsequent submission, were devoted to a discussion of the legislative history of the one work rule. LCA and its allies argued that the one work rule was a compromise between competing views of how statutory damages should work under the 1976 Act. Section 504(c)(1), as enacted, balanced the Copyright Office's initial proposal of one award for all infringements of all works with some owners' preference for one award for each work infringed.[24] By allowing one award for each work, but then defining compilations and derivative works as a single work, the provision discouraged infringements of multiple works while ensuring that statutory damages would not be "pyramided to an exorbitant

total."[25] The statutory damages provision, including the one work rule, was consciously designed to provide courts with broad discretion of a range of damages (then from $100 to $50,000), defendants with a degree of certainty concerning the limit of their exposure, and copyright owners with the option of pursuing actual damages if statutory damages did not adequately compensate them for their injury.

In response to the argument that the one work rule was outdated and should not apply to the digital world in which compilations such as Web sites could include many works, LCA and other Section 104 opponents identified references in the legislative history to compilations with a large number of included works. The opponents also argued that many online delivery systems such as iTunes would not meet the definition of compilation in 17 U.S.C. § 101 and, accordingly, would not be subject to the one work rule.[26] The opponents further argued that in enacting the *Digital Millennium Copyright Act* (*DMCA*), Congress anticipated the possibility that $150,000 might not adequately compensate operators of Web sites hosting a large number of copyrighted works.[27]

Additionally, LCA and the other opponents of Section 104 argued that the proponents had produced no evidence that current levels of statutory damages were insufficient to combat infringement or that content creators had been chilled in issuing compilations as a result of the one work rule.[28] Although one could imagine hypothetical situations in which the one work rule might lead to anamolous results, such situations had not occurred in practice; and, if statutory damages in a certain case proved insufficient to compensate a copyright owner, the rightsholder could still recover actual damages. Further, opponents asserted that increased statutory damages only strengthened plaintiffs' leverage in lawsuits, leading to problems ranging from the emergence of copyright trolls

seeking and obtaining "nuisance settlements," to creators self-redacting works to avoid litigation, to an exacerbation of the orphan works problem. Finally, the opponents claimed that the elimination of the one work rule would chill innovation by significantly increasing technology companies' exposure to damages in cases involving secondary liability.

Section 104's Fate

Because of the strong opposition to Section 104 and the absence of visible support, the provision was not included in the "Chairman's Mark" of H.R. 4279 approved by the IP Subcommittee on March 6, 2008 and the full committee on May 5, 2008. The final version of the bill, still without Section 104, passed the Senate and the House, and President Bush signed it into law on October 13, 2008.

Once again, the three *p*'s of Duane's leadership triumphed. LCA, partnering with commercial and non-commercial partners, entered into the legislative fray rather than offer academic commentary and persevered until it defeated Section 104.

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Notes

[1] The LCA's current members are ARL, the American Library Association, and the Association of College and Research Libraries.

[2] See S. 2193 and H.R. 5889 in the 110th Congress.

[3] See Jonathan Band, "The Database Debate in the 108th Congress: The Saga Continues," *European Intellectual Property Review* 27 (June 2005): 205.

[4] 17 U.S.C. **§** 504(b).

[5] 17 U.S.C. § 504 (c)(1).

[6] Id.

[7] When the infringer is a non-profit library, archive, educational institution, or public broadcaster, the court has the discretion in certain instances to remit statutory damages altogether.

[8] 17 U.S.C. § 504(c)(1).

[9] 17 U.S.C. § 101.

[10] Id.

[11] See *UMG Recordings, Inc. v. MP3.com, Inc.*, 109 F. Supp. 2d 223 (S.D.N.Y. 2000); *Arista Records v. Launch Media*, 2006 WL 2591086 (S.D.N.Y. 2006).

[12] See *Twin Peaks Productions, Inc. v. Publications Int'l., Ltd.*, 996 F.2d 1366 (2d Cir. 1993) (refusing to apply the one work rule where defendant compiled separate episodes of television show *Twin Peaks* on videotape); *WB Music Corp. v. RTV Communication Group, Inc.*, 445 F.3d 538 (2d Cir. 2006) (refusing to apply one work rule where defendant created CD based on songs distributed separately by the plaintiff).

[13] See H.R. 6052, "Copyright Modernization Act of 2006" (109th Congress); H.R. 2391, "Cooperative Research and Technology Enhancement (CREATE) Act of 2004, (108th Congress); S.1933 "Enhancing Federal Obscenity Reporting and Copyright Enforcement (ENFORCE) Act of 2003" (108th Congress).

[14] H.R. 4729 §104 (110th Cong.).

[15] Id.

[16] *Prioritizing Resources and Organization for Intellectual Property Act of 2007: Hearing on H.R. 4279 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on Judiciary*, 110th Cong. 21 (2007) (statement of John Conyers, Chairman H. Comm. on the Judiciary).

[17] *Prioritizing Resources and Organization for Intellectual Property Act of 2007: Hearing on H.R. 4279 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on Judiciary*, 110th Cong. 115 (2007) (statement of Rep. Berman, Chairman H. Subcomm. on Courts, the Internet, and Intellectual Property).

[18] Id. at 34.

[19] *Prioritizing Resources and Organization for Intellectual Property Act of 2007: Hearing on H.R. 4279 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on Judiciary*, 110th Cong. 117 (2007) (statement of Rick Cotton, executive vice president and general counsel, NBC-Universal). Mr. Cotton's prepared testimony on behalf of the Coalition Against Counterfeiting and Piracy, while supportive of the *PRO-IP Act* in general, did not specifically address the repeal of the one work rule.

[20] Id.

[21] *Prioritizing Resources and Organization for Intellectual Property Act of 2007: Hearing on H.R. 4279 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on Judiciary*, 110th Cong. 124 (2007)(statement of Rep. Schiff).

[22] The Copyright Office convened the meeting at the request of the House Judiciary Committee. The agenda items included: **"**1) *Legislative Intent:* What is the purpose of the last sentence of 17 U.S.C. § 504(c)(1)?; 2) *Interpretation:* What does the provision mean? Is the meaning clear?; 3) *Practical experience*: What has been our actual experience with the operation of this provision?; 4) *Evaluation*: Are the purposes we have identified as underlying § 504(c)(1) still being served by the provision today?; 5) *Legislation*: Should § 504(c)(1) be amended? And, if so, is section 104 of H.R. 4279 the right approach?**"**

[23] Library Copyright Alliance et al., "The Threat Posed By Inflated Statutory Damages: Comments on the January 25, 2008 Meeting Hosted by the Copyright Office," http://www.arl.org/bm~doc/jointparties-sec104cmts.pdf (accessed May 14, 2009).

[24] I represented LCA at the roundtable.

[25] *Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 107 (House Comm. Print 1961).

[26] Under Section 101, a compilation "is a work formed by the collection and assembling of preexisting materials…" Although a list of tracks available on iTunes likely is a compilation, the tracks themselves stored on Apple's servers are not "assembled" into a "work." They are individual files stored on servers around the world. These tracks are no more a compilation than all books in a bookstore or the albums in a record store.

[27] In the *DMCA*, Congress prohibited the circumvention of technological measures employed by copyright owners to protect economically valuable content on the Internet. Under 17 U.S.C. § 1203(c)(3)(A), each act of the circumvention is subject to up to $2,500 in statutory damages. With existing inexpensive digital rights management technologies, a copyright owner can protect each work individually. Thus, infringement of 1,000

photographs on a Web site may result in 1,000 discrete acts of circumvention, each subject to $2,500 of statutory damages. Moreover, if the copyright owner places a watermark on each photograph, the removal of the watermark may subject the infringer to another $25,000 per photograph. Section 1203(c)(3)(B) of the *DMCA* allows the copyright owner to recover statutory damages of $25,000 for each act of removal or alteration of "copyright management information," which would include a Section 1202(c)-conforming watermark. Hence, the *DMCA* provides up to $27,500 in statutory damages for each individual work, regardless of the one work rule. This $27,500 is in addition to the actual or statutory damages that the copyright owner could recover under Section 504.

[28] In fact, they pointed out that number of compilations, particularly of TV shows on DVD, has only increased since the 1976 *Copyright Act*.