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CRS Report for Congress

Copyright Restoration for Public Domain Works

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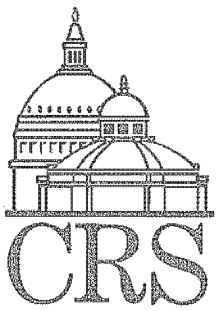

COPYRIGHT RESTORATION FOR PUBLIC DOMAIN WORKS

SUMMARY

Only rarely in American history has Congress acted to restore copyright in works that have fallen into the United States public domain. Copyright restoration for public domain works is now under serious consideration as part of the proposals to implement the trade agreements reached at the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade ("GATT 1994"). Nothing in the GATT 1994 requires the United States to restore copyright in any public domain work. If a copyright restoration provision is included in the GATT implementing legislation, its purpose would be to lay the foundation for future bilateral and regional trade-related intellectual property negotiations.

This report reviews and analyzes the legal, constitutional, and practical issues relating to recapture of copyright in works residing in the United States public domain.

In ratifying and implementing the Berne Copyright Convention, effective March 1, 1989, the United States postponed legislating on copyright recapture, even though the spirit and arguably the letter of Article 18 of the Berne Convention apparently obligates member states to restore copyright in certain public domain works.

The U.S. Constitution affects the power of the Congress to retrieve works from the public domain. Of the possible constitutional concerns about copyright recapture legislation, the Ex Post Facto Clause and the Takings Clause are the most serious. Any copyright recapture legislation would need to make clear there is no criminal liability for acts undertaken before recapture. To satisfy the Takings Clause, just compensation could be provided for certain reliance rightsholders either through arbitration procedures, or by a grace period of non-liability of sufficient duration to allow recoupment of investments in public domain works.

Congress will be asked to balance the public benefits of copyright restoration legislation -- compliance with a treaty obligation; advancement of the rights of American copyright holders and authors abroad; possible reduction of piracy of American works; and improved trade relations -- with the negative effects of a diminished public domain.

TABLE OF CONTENTS

COPYRIGHT RESTORATION FOR PUBLIC DOMAIN WORKS 1

BACKGROUND 2

COPYRIGHT RECAPTURE UNDER THE BERNE CONVENTION 3
1. Overview 3
2. Country of Origin 6
3. Alternative Theories about the Recapture Obligation 7
4. Exceptions and Qualifications 8

WORKS AFFECTED BY COPYRIGHT RECAPTURE 11
1. Recapture from U.S. Public Domain 12
2. Recapture from Public Domain of other Berne Countries 13
3. Categories of Works and Nature of Rights 15

POLICY ISSUES FOR THE UNITED STATES 16
1. Scope of Recapture: Works, Duration, and Time Limits 17
2. Rights of Copyright Owners 18
3. Liability for Post-ReCapture Exploitation of Pre-Recapture Copies 18
4. Liability for Post-Recapture Uses in General 19
5. Unrenewed Public Domain Works 19

CONSTITUTIONAL CONCERNS 21
1. Ex Post Facto Clause 21
2. Takings Clause 22
3. Contracts Clause 24
4. Patent-Copyright Clause 25
5. First Amendment's Free Speech-Freedom of Press Clauses 26
6. Due Process Clause of the Fifth Amendment 26

CONCLUSION 27

COPYRIGHT RESTORATION FOR PUBLIC DOMAIN WORKS

The United States joined the Berne Convention for the Protection of Literary and Artistic Works in 1989[1] without making any provision for recapture of copyright in public domain works. The spirit, if not the letter, of Article 18 of the Berne Convention seems to require some copyright restoration. The North American Free Trade Agreement ("NAFTA") required the United States to allow copyright restoration for certain Mexican and Canadian films.[2] The NAFTA implementing legislation created a one-year window of opportunity to effect recapture of copyright in Mexican or Canadian films published without notice of copyright between January 1, 1978 and March 1, 1989. A broader recapture provision is now under consideration in the context of draft legislation to implement the trade agreements reached at the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade ("GATT 1994"),[3] although nothing in the GATT explicitly requires copyright restoration of public domain works.

This report reviews and analyzes the legal, constitutional, and practical issues relating to recapture of copyright in works residing in the United States public domain.

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[1] The United States joined the 1971 Paris Act of the Berne Convention for the Protection of Literary and Artistic Works (July 24, 1971) effective March 1, 1989 (hereafter: "Berne Convention").

[2] For an analysis of the NAFTA provisions, see "Intellectual Property Provisions of the NAFTA" CRS Report No. 94-59A by Dorothy Schrader at pages 11-13.

[3] GATT members are expected to complete domestic approval procedures by July 1, 1995, the scheduled date for entry into force of the GATT 1994. Implementing legislation for United States acceptance of the GATT 1994 is under discussion and at the drafting stage between the Administration and key congressional committees. For an analysis of the intellectual property provisions of the GATT 1994, see "Intellectual Property Provisions of the GATT 1994: 'The TRIPS Agreement'" CRS Report No. 94-302A by Dorothy Schrader.

BACKGROUND

Historically, until 1989,[4] the United States copyright laws embraced formalities as conditions on the enjoyment and exercise of copyright (e.g., notice of copyright; also, until 1992, renewal of copyright by registration).[5] Non-observance of certain formalities caused total loss of copyright protection -- the work fell into the public domain. In only very rare instances did Congress legislate to permit recapture of works from the public domain. (Private laws were enacted in the 19th Century restoring copyright in individual works; two public laws in this century authorized presidential proclamations to allow recapture of copyrights lost because of wartime conditions during World Wars I and II).[6]

In ratifying and implementing the Berne Copyright Convention in 1989, the United States postponed legislating on copyright recapture, even though the spirit and arguably the letter of Article 18 of the Berne Convention seems to require some nod in the direction of retroactive protection of works. In trade negotiation contexts, the United States Government has nevertheless sought retroactive protection for United States authors and copyright proprietors, especially from those countries who formerly extended no protection to American works.

Recent developments in trade-related contexts have required the United States to reconsider its position on copyright recapture. Mexico, in the North American Free Trade Agreement ("NAFTA"), successfully insisted upon inclusion

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[4] When the United States adhered to the Berne Convention, effective March 1, 1989, it eliminated its mandatory notice of copyright requirement, which had been a condition of American copyright protection since 1790. Berne Convention Implementation Act of 1988, Pub. L. 100-568, 102 Stat. 2853 (October 31, 1988). Article 5(2) of the Berne Convention prohibits a member country from conditioning the "enjoyment and the exercise of these rights" on satisfaction of any formality, like the notice of copyright.

[5] More than three years after its adherence to the Berne Convention, the United States eliminated the last remaining formality from its copyright law. The Copyright Renewal Act of 1992, Pub. L. 102-307, 106 Stat. 264 (June 26, 1992) abolished mandatory renewal registration as a condition of securing copyright protection for the second term of copyright in works copyrighted before 1978.

[6] The Act of December 18, 1919, 41 Stat. 368, allowed copyright recapture for certain works that lost copyright during World War I (15 month"window" during which a claimant could apply for copyright restoration). The Act of September 25, 1941, 55 Stat. 732, allowed copyright recapture for certain World War II works (length of recapture "window" set by individual presidential proclamations). Private law examples include the Act of May 24, 1828, 6 Stat. 389; the Act of January 25, 1859, 11 Stat. 557; and the Act of May 24, 1866, 14 Stat. 587.

of a provision permitting copyright recapture for certain motion pictures (and works embodied in the motion pictures). France reportedly has placed copyright recapture on the negotiating table in discussions about protection of audiovisual works. As the United States prepares its legislation to implement the 1994 Uruguay Round agreements under the General Agreement on Tariffs and Trade ("GATT 1994"), serious consideration is being given to a general copyright recapture provision for foreign Berne or "GATT" works.

The copyright recapture idea propounded in the 1886 Berne Convention[7] made considerable practical sense: if the founding members had not agreed to retroactive application of the 1886 Convention, the benefits of the new Convention to authors and copyright proprietors would have been markedly delayed in coming to fruition. For decades, the Convention might have been little more than a mantle for bilateral agreements. Moreover, the practical effect of the retroactivity provision was much less in 1886 because formalities could still be maintained in the country of origin, and the obligation to extend retroactive protection did not arise if the work fell into the public domain of the country of origin for any reason.

The situation facing the United States in 1994 is very different. Since formalities have been maintained for 80 years longer than in most other countries, the number of works in the public domain greatly exceeds that of probably any other new adherent to the Berne Convention. Also, reliance rights claimed by American nationals are probably more extensive than those claimed by nationals of other countries because the former system of formalities encouraged the development of public domain entrepreneurs. Finally, the United States, almost uniquely, is bound by a written Constitution that restricts the legislature in its capacity to legislate.

For these reasons, the practical and legal problems that copyright recapture present will be more difficult for the United States than other new adherents to the Berne Convention. The successful implementation of the NAFTA copyright recapture obligation[8] suggests that the problems can be overcome.

COPYRIGHT RECAPTURE UNDER THE BERNE CONVENTION

1. Overview

Article 18 of the Berne Convention contains rather vague, circular language that invites honest differences about its intended obligations. Most

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[7] The Berne Convention originated in 1886 and has been revised at periodic intervals since then. As discussed later, the copyright recapture provision (originally Article 14; now Article 18) remains essentially the same in the subsequent revisions of the Convention.

[8] The North American Free Trade Agreement Implementation Act, Pub. L. 103-182 (December 8, 1993) SEC. 334.

commentators seem to agree on the following interpretation: new adherents to the Berne Convention are obligated to accord some retroactive protection to works that remain under copyright in their countries of origin, even if those works, pre-adherence, resided in the public domain of the newly adhering country other than as the result of the expiration of a previously granted copyright term. No obligation exists to protect such works in the forum country, if the term has already expired under the forum country's law. Each Berne country has considerable latitude and discretion in implementing Article 18.

The full text of Article 18 of the 1971 Paris version of the Berne Convention reads as follows:

> (1) The 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 expiry of the term of protection.
>
> (2) If, however, through the expiry 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.
>
> (4) The preceding provision shall also apply in the case of new accessions to the Union and to cases in which protection is extended by the application of article 7 or by the abandonment of reservations.

In general terms, the first paragraph establishes an obligation to allow copyright recapture in works that fell into the public domain of the country where protection is claimed ("forum country") if the copyright term has not expired for that work in the country of origin (usually the country of first publication or for limited classes of works, the country of which the author is a national). The obligation attaches at the moment the Convention comes into force in the forum country.

Under paragraph two, however, the forum country is not required to restore copyright in a work that fell into its public domain through expiration of the term of copyright granted by its law.

Paragraph three introduces ambiguity by providing flexibility. The obligation of Article 18 is qualified by the possible development of "special

conventions" between two or more Berne members -- in general, bilateral agreements. If no special conventions exist, each country determines for itself the "conditions of application" of Article 18. This language extends virtually complete discretion to legislate at the national level concerning the details of copyright recapture. The scope of a recapture provision, the limitations to protect reliance rights, any time limits, and the effective date apparently are within the discretion of each new Berne Member (absent any special agreements). All commentators seem to agree that zero copyright recapture, however, is not one of the options.[9] Everything else is discretionary.

The final paragraph of Article 18 confirms that the "obligation" applies to new members and to instances in which protection is extended through the copyright duration rules of Article 7, or by abandonment of a reservation (principally the 10 year translation right sanctioned by the Additional Act of 1896, to which a few countries cling, or possibly withdrawal of a reservation allowed a developing country under the Appendix to the 1971 Paris Act). The confirmation that the copyright recapture obligation applies to new adherents is important. The remainder of the paragraph has little significance now.

No copyright recapture is required for works already in the public domain of the country of origin by expiration of the copyright term. If the work fell into the public domain of the country of origin because of a failure to comply with formalities, copyright recapture should be allowed by the forum country (unless the normal copyright term has expired in the forum country).

These general principles can become exceedingly complex in application to relevant facts and law. First, ascertaining the country of origin may require the wisdom of Solomon. The law varies depending upon which act of the Berne Convention is binding between the forum state and the "country of origin."[10] Second, national copyright laws may be amended over time. Third, the facts may change: a country becomes a new adherent to the Berne Convention; an author changes his or her nationality; an unpublished work becomes a published work.

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[9] S. RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986, 675 (1987)(Hereafter: "Ricketson"); Nordemann, *et al*, "International Copyright and Neighboring Rights Law: Commentary with Special Emphasis on the EC," 162 (1990)(R. Livingston, translator).

[10] An analysis of which act of the Berne Convention applies between two member countries is beyond the scope of this report. Members are currently bound by one or more of four acts: Berlin 1908; Rome 1928; Brussels 1948; Paris 1971. Under one theory, two countries are bound by the latest common version to which they have adhered. If there is no common version, each country applies the latest text to which it has adhered. This theory, however, is not a matter of settled interpretation. The only clear provision governing which act to apply appears in Article 32(3) of the 1971 Paris Act. The Appendix for Developing Countries is applicable to a country not bound by the 1971 Paris Act only if that country agrees to its application.

To examine the policy issues concerning recapture of works from the public domain, an understanding of the likely interpretation of the basic obligation is a mere first step. Also, where retroactivity questions arise, we quickly move to the realm of the theoretical and conjectural since there are few relevant precedents or experiences.

2. Country of Origin

Copyright recapture is not required by the Berne Convention if the work is in the public domain of its "country of origin" and of the forum state where protection is claimed by reason of expiration of the term of copyright. Ever since the 1908 Berlin Act of the Berne Convention abolished copyright formalities, expiration of the term is the one clear reason copyright recapture is not required pursuant to Article 18.

Copyright recapture should operate as a two-way conduit. Works originating in a newly adhering state should enjoy copyright recapture in every existing Berne Member, unless the term of copyright has expired. Conversely, works originating in existing Berne Members should enjoy copyright recapture in the newly adhering state, unless the term of copyright has expired.

Identification of the country of origin is the first step in permitting copyright recapture. The rules can be very complex in cases of simultaneous publication in two or more countries and for certain classes of works (motion pictures; works of architecture; applied works of art; sculptures). Two general principles cover the bulk of the works: for published works, the country of origin is the country of first publication of the work; for unpublished works, the country of origin is the country of which the author of the work is a national.

The definition of "simultaneous publication" varies depending upon which version of the Berne Convention is applicable to the facts. If the Rome 1928 version applies, the publication must occur the same day in two or more countries to be considered simultaneous. Under the Brussels 1948 and Paris 1971 versions, the publication is simultaneous if the work is published in two or more countries within a 30 day period.

If the work is published simultaneously in a Berne country and a non-Berne country, the Berne country is the country of origin. If the work is published simultaneously in two Berne countries, the one granting the shorter term of copyright is the country of origin.

Other special rules determine the country of origin for certain classes of works. Under the 1971 Paris Act, assuming the motion picture is not first or simultaneously published in a Berne country, the country of origin of the motion picture is presumed to be the Berne country where the filmmaker has its headquarters or habitual residence. Under the 1948 Brussels and 1971 Paris Acts, if an architectural, sculptural or artistic work is erected or fixed in a Berne country, the country of origin is the country where the work is erected or fixed.

The 1971 Paris Act has another special rule: if a work is first published in a non-Berne country, the country of origin is determined by the nationality of the author.

Where the author's nationality determines the country of origin, further complications arise if the work owes its creation to two or more persons from different Berne countries. In that case, the work probably has at least two countries of origin, although Geller suggests the rule of the shorter term might be applied to settle on one country of origin.[11]

Where the work is simultaneously published in two Berne countries which apply the same copyright term, again the work probably has two countries of origin.

Only after applying these complex rules to determine the country of origin, can one evaluate which works might be subject to copyright recapture, depending upon special agreements or national laws.

3. Alternative Theories about the Recapture Obligation

While most commentators conclude that Article 18 requires some recapture of works from the public domain, alternative theories exist about the nature of the recapture obligation.

(l) **No retroactive protection.** Can the vague language of Article 18, which admittedly leaves wide latitude to its implementation in national laws, be stretched to an interpretation that denies any retroactive protection for public domain works? That is the interpretation adopted by the United States in adhering to the Berne Convention in 1989, at least as a provisional matter. The statute implementing the Berne Convention specifically denies protection for any public domain works.[12] The legislative history does imply, however, that the United States might consider copyright recapture at an indefinite time after adherence.[13]

(2) **Recapture subject to reliance rights.** Berne states have wide discretion to legislate in a variety of ways to protect the legitimate reliance rights of persons who made investments or otherwise relied on the public domain status of the works.

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[11] M. NIMMER & P. GELLER, INTERNATIONAL LAW AND PRACTICE, Introduction, INT-115, Sec. 4[3][a][i](1990) (Hereafter: Geller).

[12] SEC. 12 of the Berne Implementation Act of 1988, Pub. L. 100-568, 102 Stat. 2853 (October 31, 1988).

[13] H.R. REP. 100-609, 100th Cong., 2d Sess. 51-52 (1988).

(3) **Recapture in moderation**. Berne states must give a reasonable amount of retroactive protection, for at least some, to appropriately defined works.

(4) **No recapture for zero-term works.** Under this theory, pursuant to Article 7(8), copyright recapture is not required for works that have a zero term of protection in the forum country. Article 7(8) provides that "the term shall be governed by the legislation of the country where protection is claimed." If the term of protection in the forum country is zero, this argument posits there is no obligation under Article 18 to allow copyright recapture. The weak point of this argument is paragraph (2) of Article 18. Only if a previously granted term has expired may the forum country decline to protect the work anew. The counter argument to the "zero-term" theory, therefore, insists that the provisions of Article 7(8) and Article 18 must be interpreted to give meaning to both, and the "zero-term" theory fails on this point.

4. Exceptions and Qualifications

On the assumption that Article 18 obligates a newly adhering Berne state to accord a moderate degree of copyright recapture, this report next explores the permissible exceptions and qualifications.

(1) **Previously granted copyright term.** Works that have enjoyed a normal term of copyright in the country of origin or in the forum country are not entitled to a "second bite of the apple" after copyright expires. Article 18(1) establishes that expiration of the copyright in the country of origin removes any obligation to allow recapture of the copyright. In like manner, Article 18(2) sets forth the rule that, after expiration of the copyright term in the forum country, the work shall not be protected anew.

Whether these rules include expiration of less than a full term of copyright is subject to debate. Two cases arise under United States copyright law. An argument can be made that, since the United States protected all unpublished works under common law before 1978, these works enjoyed a previously granted term of copyright which expired upon publication. Arguably, no copyright recapture is required even if those works fell into the public domain upon publication for failure to comply with formalities. The second case also concerns pre-1978 works -- works that were protected for the first term of copyright (28 years) and fell into the public domain for failure to comply with the renewal registration formality. Query whether Article 18(2) exempts these works from copyright recapture?

(2) **Special conventions or agreements.** The first sentence of Article 18(3) provides that the copyright recapture obligation is subject to existing or subsequently concluded "special conventions" between two or more Berne members. This phrase clearly includes bilateral as well as multilateral agreements, with an emphasis on bilaterals.

The copyright recapture agreements concluded between founding Berne members in the late nineteenth century are no longer in effect but have historical significance. The typical agreement permitted completion of printing and distribution of the copies in the process of reproduction when the bilateral effected copyright recapture.[14] Other bilaterals took various approaches: published musical works would be protected retroactively unless publicly performed in one of the countries;[15] persons who invested in public domain works were entitled to compensation through arbitration -- otherwise, no liability for future infringements.[16] Other bilaterals either excluded retroactive protection, were silent on retroactivity, or required retroactive protection, subject to various exceptions and conditions.[17]

German unification provides a modern example of a copyright recapture provision. Because of a 20 year difference in the copyright term under West and East German law, upon unification in 1990, retroactive protection was extended to East German works. All copyrights were extended to life of the author plus 70 years. Persons who had exploited the public domain works before July 1, 1990 could continue exploitation provided they adequately compensated the copyright owners for use of the works.[18]

An argument can be made that the "special convention" qualification is broad enough to include a multilateral treaty such as the Universal Copyright Convention ("UCC").[19] Article VII of the UCC bars retroactive protection. Its application between members of both the UCC and the Berne Convention arguably satisfies the language of Berne Article 18. Therefore, the United States arguably has no obligation to permit copyright recapture for works in its public domain when a Berne-UCC state became bound by the UCC. More than 50 countries are Berne-UCC states, including most countries in Europe, North America and South America. As a founding member of the UCC, the United States became bound by it in 1955. If this interpretation of Berne Article 18 is valid, the United States has no obligation to permit copyright recapture of works in its public domain in 1955 that originated in 50-plus countries, including most of Europe and North and South America.

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[14] Ricketson, *supra*, note 9 at 667.

[15] The 1884 bilateral between Germany and Italy is an example of this approach. Ricketson at 667.

[16] The law of Great Britain is an example of this approach. Geller, supra note 11, at INT-120.

[17] Ricketson, *supra* note 19, at 666-67.

[18] Note, "Retroactivity and Reliance Rights under Article 18 of the Berne Copyright Convention," 24 VAND. JOUR. TRANSNAT'L LAW 971, 984 (1991).

[19] *Id.* at 992.

That the UCC is a special convention within the meaning of Berne Article 18 is not, however, a settled interpretation. Some would argue that the UCC itself incorporates the firm principle that relations between states bound by both Berne and the UCC are controlled by Berne.[20] Also, pursuant to Berne Article 20, a special agreement is valid only if it grants authors more extensive rights than Berne or is not contrary to Berne. Query whether the UCC's flat prohibition of retroactive protection is "contrary to" the copyright recapture principle of Berne's Article 18? Or is the UCC an Article 18 special convention, which may deal with copyright recapture by a complete denial of protection? Although complete denial of protection at first blush seems contrary to the principle of Article 18, the experience of the Berne founding members in concluding bilateral agreements suggests complete denial is an option. Some nineteenth century bilaterals between Berne members excluded copyright recapture.[21]

In any case, Article 18(3) apparently gives the discretion to member states to conclude bilateral agreements that exclude any retroactive protection, or that allow copyright recapture subject to a variety of limitations designed to protect the reliance rights of public domain entrepreneurs.

(3) **National Discretion if no Special Convention.** As noted, all of the early bilateral agreements between the founding Berne states have long since become moribund. Also, newly adhering states have apparently not resorted to the device of bilaterals to regulate copyright recapture.[22] If the newly adhering states have dealt with copyright recapture (and many have not), they have regulated it under the discretionary clause of the last sentence of Article 18(3): "the respective countries shall determine, each in so far as it is concerned, the conditions of application of this [copyright recapture] principle."

Although the 1886 Berne Convention contemplated bilaterals as the primary device for effecting copyright recapture, a new adherent today would not be expected to enter separate bilateral agreements with the 90-plus countries now members of Berne. Therefore, retroactivity will be handled, if at all, by national legislation, usually without any bilateral or mutilateral agreement.

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[20] *See,* Art. XVII of the Universal Copyright Convention and the accompanying Appendix Declaration.

[21] Ricketson, *supra* note 13, at 666.

[22] As Ricketson notes, given the current membership of the Berne Convention (90-plus members), it is no longer practical for a newly adhering country to enter bilateral arrangements with each of the other members. *Id.* at 674. A bilateral arrangement might be useful between the United States and a few other countries, but a regional approach, like the NAFTA, is more likely.

Wide differences can be seen in the provisions adopted by member countries to address copyright recapture.[23] The United Kingdom and Norway, for example, once maintained reservations about application of Article 18, that is, they delayed many years in providing for copyright recapture.[24] Norway made a commitment at the 1928 Rome Diplomatic Conference to withdraw its Article 18 reservation-- after maintaining the reservation for 42 years.[25] The United Kingdom, when it finally legislated, required that the owners of the restored copyrights compensate those who held reliance rights. Persons who relied on the public domain status of works and incurred expenses were entitled to compensation for that reliance under UK law, subject to arbitration; otherwise, there was no liability for post-adherence acts of exploitation of the restored copyrights.[26]

The United States recently legislated concerning copyright recapture of certain motion pictures pursuant to the North American Free Trade Agreement ("NAFTA"). The legislation allows copyright recapture in films published or fixed in Mexico or Canada, which fell into the United States public domain for failure to comply with the notice requirements in effect from January 1, 1978 (effective date of the last general revision of the U.S. copyright law) to March 1, 1989 (date of U.S. Berne adherence and U.S. abolition of mandatory notice). Copyright recapture is effected only if the copyright owner claims restoration rights by notifying the Copyright Office during calendar year 1994. The Copyright Office will publish a list of the restored copyrights early in 1995. Reliance rights are protected temporarily: no liability is incurred until one year after the publication of the list of restored copyrights.[27]

WORKS AFFECTED BY COPYRIGHT RECAPTURE

Article 18 potentially impacts all works, originating in any of the 90-plus Berne member countries, which remain under copyright in the country of origin but reside in the public domain of a newly adhering Berne country.

The primary focus of Article 18 is on recapture of copyright in works that reside in the public domain of the newly adhering state, but whose country of origin is another Berne country.

In the case of the United States, however, many works originating in this country (whether authored by U.S. citizens or foreigners) fell into our public

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[23] Ricketson, *supra* note 13, at 674.

[24] *Id.* at 676.

[25] *Ibid.*

[26] Geller, *supra* note 11, at INT-120.

[27] The North American Free Trade Agreement Implementation Act, Pub. L. 103-182 (December 8, 1993), SEC. 334.

domain for failure to satisfy formalities. If the copyright term that would otherwise apply to these works has not expired, these works are also potentially eligible for copyright recapture under the laws of other Berne members.

It is therefore useful to analyze recapture of specific works from two standpoints: recapture from the United States public domain, and recapture from the public domain of other Berne countries.

1. Recapture from U.S. Public Domain

Because the United States maintained formalities as a condition of copyright for approximately 80 years longer than most members of Berne, the number of works potentially eligible for copyright recapture is great. Although notice of copyright was the predominant formality, works fell into the United States public domain for a variety of reasons. These reasons include the following: publication of the work by a non-eligible foreign national in a non-UCC country; publication before 1978 in violation of the manufacturing clause applicable to certain books, periodicals, or graphic arts works; first publication anywhere before 1978 without notice of copyright; publication after 1977 without complying with the notice provisions in effect from 1978 through March 1, 1989; and failure to effect timely renewal of the second term of copyright by registration with the Copyright Office.

United States adherence to the Universal Copyright Convention ("UCC") in 1955 established an important time line. The UCC significantly halted the flow of foreign works into the United States public domain in a number of ways. It increased the number of foreign authors eligible for U.S. copyright, abrogated the manufacturing clause for UCC works, and simplified and facilitated use of the copyright notice, thereby avoiding the entry of many works into the public domain. Also, since the core membership of the UCC overlaps with Berne membership, many fewer works originating in Berne countries fell into the U.S. public domain post 1955. Nevertheless, many works did lose copyright either by publication without notice or by failure to renew at the end of the original 28 year term.

In sum, a higher percentage of foreign works published between 1955 and 1978 in Berne-UCC states did not enter the U.S. public domain compared to works published before 1955. Probably, the more important copyrights were preserved, at least for the original 28 year term. The percentage of foreign-origin works that were renewed for the second term is substantially lower than the percentage of U.S. works renewed (which is approximately 15% of those registered for the first term). These works, published less than 40 years ago, would have remained under copyright but for the formalities of U.S. law and are potentially eligible for copyright recapture.

An even higher percentage of pre-1955 foreign works resides in the United States public domain. United States copyright obligations for foreign-origin works were determined primarily by bilateral agreements in the pre-1955 period. The bilaterals always required observance of U.S. formalities as a condition of

protection for foreign-origin works. Therefore, a very high percentage of pre-1955 foreign works entered the U.S. public domain upon their first publication. For some of these older works, of course, if copyright had been obtained, the term of copyright would have expired by now. Under United States law, the copyright in any work published before 1918 would have in any case expired by 1993. Article 18 does not required recapture of copyright in the latter works.

So far, this section of the report has focussed on recapture of foreign works from the United States public domain. Those are the works directly impacted by Article 18. The Berne Convention strictly only governs protection of foreign works.[28] The United States has no obligation under Berne with respect to works originating in the United States. If the United States should legislate to permit copyright recapture of foreign works, however, some interests (authors, for example) may seek to extend retroactivity to works of United States origin. Recapture of copyright in these works exceeds what would be required by Berne Article 18.

2. Recapture from Public Domain of other Berne Countries

When we analyze the potential pool of United States origin works residing in the public domain of other Berne countries, the pre-1955 and 1955-1978 time lines remain significant but other considerations also become important. These include the "back-door" to Berne and each country's application of the comparison of terms option.

For Berne members, the 1908 Berlin Act abolished all formalities as a condition of the enjoyment or exercise of copyright. When the Berlin text became effective in the founding countries and when new countries later adhered, all of these countries ceased to apply formalities against foreign Berne works. They could have maintained formalities against non-Berne works, but few have done so.

In general, for most Berne members after 1908, copyrights entered the public domain by reason of expiration of the copyright term, or because the work was first published in a non-Berne state and there was no other treaty obligation requiring protection.[29]

If the Berne country had a bilateral copyright relationship with a non-Berne state, like the United States before 1989, the United States authors presumably received formality-free protection from the Berne member. Absent a bilateral relationship, protection for the United States work must have been

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[28] Art. 5(1) of the Berne Convention.

[29] As discussed earlier in the "country of origin" section of this report, the principal eligibility criterion for published works is the country of first publication. For certain categories of published works, however, different criteria apply. Also, in the case of unpublished works, the criterion of the nationality of the author applies.

obtained, if at all, by means of the "back-door" to Berne, before certain Berne states also became members of the UCC.

The Berne "back-door" refers to the country of origin principle that copyright protection attaches to a work based upon its first or simultaneous publication in a Berne country, irrespective of the nationality of the author of the work.[30] United States copyright owners and authors, especially of books, music, and motion pictures, have long sought to first publish in a Berne country like Canada. If there is adequate proof of first or simultaneous publication in a Berne country, the "back-door" to Berne is a solid method of obtaining protection in all countries of the Berne Union. The principle has been fully tested, however, in only a few instances, and the results have been mixed.

Resort to the Berne "back-door" became much less important for United States authors when approximately 54 Berne countries became members of the Universal Copyright Convention. (The effective date of adherence varies for each country, but most of the UCC adherences occurred in the late 1950's and early 1960's.) Between 1955 and 1989, the UCC established copyright protection for U.S. authors on the basis of either their nationality or first publication in a UCC country.

Once copyright eligibility was established, the national treatment principle of the Berne Convention[31] operated to apply the Berne copyright standards to UCC works of Country A where Country B is a member of both Berne and the UCC and Country A is a member only of the UCC. Moreover, Country B (the Berne-UCC state) did not impose formalities as a condition of protecting the UCC works because its national law reflected the Berne Convention prohibition of formalities. (The Berne-UCC state could have legislated to apply the UCC-permitted notice to non-Berne works, but none did.)

From these principles, we can discern that United States origin works are presumably protected in Berne-UCC states from the date the other country became bound by the UCC, unless the term of copyright has expired. No U.S. origin works would have entered the public domain of a Berne-UCC state for reasons such as non-eligibility or failure to comply with formalities. There are more than 50 Berne-UCC countries, including the major copyright producing countries of Europe and North and South America.

Those Berne-only states that did not enter a bilateral relationship with the United States would have the greatest number of U.S. origin works in their public domains. Unless the "back-door" to Berne could be invoked to protect the U.S. works, such works would be in the public domain of the Berne-only states when the United States adhered to Berne in 1989 because there was no treaty obligation to protect the U.S. works. Arguably, if the United States legislates to allow copyright recapture from its public domain, it will have substantial

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[30] Art. 5(4) of the Berne Convention.

[31] Art. 5(1) of the Berne Convention.

negotiating leverage to obtain reciprocal copyright restoration of U.S. works from the public domains of Berne-only states.

3. Categories of Works and Nature of Rights

The general provisions of Article 18 give no guidance about the categories of works or the nature of rights that should be subject to copyright recapture. Article 18 paints with a broad stroke. All of the important details are left to regulation by special conventions or to the discretion of national law. The sparse precedent of special conventions and national laws, and the opinions of commentators, are the only sources available to determine the application of the copyright recapture principle to categories of works and rights.

(1) **Full Recapture.** Certainly, one interpretation would allow full recapture of all works and complete restoration of rights, subject presumably to the application of the normal copyright term. According to Ricketson, this was the original intent of the 1886 Berne Act, Article 14 (precursor of Article 18).[32] The "reserves and conditions," if any, on full retroactivity, were to be narrow and were viewed as transitional in nature.

Very few states, however, have interpreted the copyright recapture obligation this broadly, notwithstanding the pressure from authors' groups to make retroactivity absolute.[33] The French Government, in preparing the first revision proposals to update the Berne Convention in 1896, proposed full retroactivity unless a state legislated exceptions under a short deadline. These proposals were dropped because of the strong opposition of the Germans and the British.[34]

(2) **Selective Recapture of Certain Categories of Works.** Is the discretion to regulate copyright recapture by special conventions and national laws broad enough to allow selective recapture of copyright in certain categories of works and deny restoration to the remaining categories? For example, could the recapture be limited to music, motion pictures, and sound recordings? Or to books, periodicals, and other printed works?

At least one commentator, Ricketson, says no. You cannot deny copyright recapture for a particular class or classes of works.[35]

The early bilaterals of the founding Berne members, however, support the idea that you can select particular classes of works for recapture and, at least

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[32] Ricketson, *supra* note 19, at 667.

[33] *Id.* at 669.

[34] *Ibid.*

[35] *Id.* at 675.

by silence, deny recapture for the remainder. The 1884 bilateral between Germany and Italy dealt with musical works.

The United States agreed to the NAFTA provision on copyright recapture as limited to motion pictures and the works embodied in them. The NAFTA is in effect a special convention within the meaning of Berne Article 18(3). The United States has acted on the assumption that Article 18 permits selective recapture of copyright in certain classes of works.

(3) **Selective Recapture of Certain Rights.** The wide discretion to regulate copyright recapture by special conventions and national laws under Article 18 has apparently also extended to selective recapture of certain rights. For example, the right to prepare derivative works might be limited to protect the reliance rights of those who prepared derivative works relying on the public domain status of the underlying work.

In general, the traditional rights of the copyright owner would be restored subject, however, to various limitations or qualifications on those rights to protect the reliance interests of public domain entrepreneurs and the public. It would be unjust to authors and copyright owners, and require complicated legislation, to extend certain rights and deny others completely, except to the limited degree necessary to protect legitimate reliance interests.

POLICY ISSUES FOR THE UNITED STATES

In adhering to the Berne Convention in 1989, the United States elected to postpone to a future, undetermined time, the enactment of legislation effecting copyright recapture. Five years later, the issue may be addressed in the context of GATT implementing legislation. If the Congress decides to legislate, several difficult policy issues will probably have to be resolved. The major issues are:

* Scope of copyright recapture (works, duration, and deadlines)

* Rights of authors and copyright owners

* Liabilities for post-recapture exploitation of pre-recapture copies

* Liabilities for post-recapture uses of public domain works

* Recapture of copyright for works that entered the public domain through failure of renewal registration

* Constitutional concerns

This report next explores the first five of the above issues. The constitutional concerns are of sufficient complexity to be addressed in a separate section.

1. Scope of Recapture: Works, Duration, and Time Limits

Congress will probably have to make decisions, if it legislates copyright recapture, about the specific works subject to recapture, the duration of the restored protection, and appropriate time limits to effect recapture from the public domain.

With respect to works, the possibilities are almost infinite. The NAFTA recapture provision, for example, applies only to a particular class of works (motion pictures, including the works embodied therein), if the work was produced or fixed in Mexico or Canada, and then only if the work entered the United States public domain between January 1, 1978 and March 1, 1989, because of failure to comply with the copyright notice requirements. Copyright is not recaptured in Canadian or Mexican motion pictures that entered the United States public domain before 1978, or that lost copyright for any reason other than nonobservance of the notice formality.

The discretion to include certain works and exclude others from copyright recapture is arguably broader in the case of special conventions than in the case of unilateral, national legislation. The special convention, whether bilateral or multilateral, is an agreement among sovereign nations, in which concessions have likely been made by each party to reach the agreement. If sovereign countries agree on the works subject to copyright recapture, that agreement is justification for exclusion of certain works from recapture. Presumably, each party has acted on the basis of its national interests, and has duly considered the claims of authors and copyright owners for broader copyright recapture.

Assuming that it is appropriate to allow copyright recapture only for certain works, the following general criteria might be applied to select the particular works:

* **by categories of authorship** (books, music, motion pictures, computer programs, etc..);

* **by points of attachment** (nationality of the author, place of first publication, place of fixation, place of making, etc.);

* **by the reason the work entered the public domain**; and

*** by the date of publication or other date the work entered the public domain.**

After selecting the works eligible for copyright recapture, the Congress would presumably address the questions related to duration of the restored copyrights.

The most common duration provision restores the ordinary term of copyright that would have applied to the work had it not fallen into the public domain. The years the work resides in the public domain are ordinarily lost years of protection. On copyright recapture, those lost years would not be added to the term of copyright in order to make up the lost time.

If the Congress did wish, as a matter of fairness to authors, to restore some of the "lost years," a period of 10, 15, or 20 years might be added to the term otherwise applied to restored copyrights. For some authors, an extension for a fixed term might provide a "bonanza;" for others, depending upon the years in the public domain, the extension may still fall short of full term protection.

Another approach would set a minimum period of years post-recapture during which the work would be protected, irrespective of the expiration of its normal term of copyright.

Finally, with respect to scope of copyright restoration, the Congress may wish to establish some procedures and time limits under which the specific restored copyrights can be identified. In implementing the NAFTA copyright recapture provision, the United States required the claimants of the works to file with the Copyright Office during a one year period. The Copyright Office will then publish a list of the restored copyrights to confirm the restoration and give notice to the public.

2. Rights of Copyright Owners

Ordinarily, copyright recapture legislation would restore to authors and other owners of copyright the normal exclusive rights granted by the national copyright law to works in the same authorship category. Under United States law, those are the rights of reproduction, public distribution, adaptation, public performance, and public display.

There seems to be no reason to withhold from authors and copyright owners of restored copyrights the normal exclusive rights extended to other authors and copyright owners. Appropriate limitations on the rights to protect reliance interests can be addressed, as discussed below, without complete denial of a particular right.

3. Liability for Post-ReCapture Exploitation of Pre-Recapture Copies

The most difficult copyright recapture policy issues concern the balance between the rights of authors-copyright owners, and the rights of the public freely to exploit the public domain. Those who relied on the public domain status of a work to invest money, time, and effort in marketing the work, and perhaps even prepare and market a copyrightable new version of the work, acquire reliance rights. Considerations of equity suggest that holders of reliance rights should generally be subject to reduced liability for copyright infringement post-recapture.

A "typical" provision to protect reliance rights allows completion of printing and distribution of copies in the process of reproduction, or already reproduced, when copyright recapture is permitted. Sometimes these exceptions to the distribution right of copyright owners are subject to strict time limits and/or to payment of a reasonable royalty.[36]

4. Liability for Post-Recapture Uses in General

In addition to the limitations on the distribution right with respect to pre-recapture copies, a variety of other limitations may be considered.

The most compelling cases involve derivative works prepared as new versions of public domain works, which are later subject to copyright recapture. Should an exemption from all copyright liability be accorded the creators of such derivative works? Or, should the derivative work creator be permitted to exploit the derivative work, subject to a reasonable royalty (fixed by arbitration or a court, if necessary)? Or, should the period of exploitation be limited to the term of years needed to recoup any investment and make a reasonable profit?

Other public domain entrepreneurs may have made substantial investments in packaging and marketing the public domain works, although they did not contribute copyrightable authorship to the creation of a derivative work. Should their reliance rights be recognized through reduced copyright liability? Again, the solutions include statutory licenses with a right of remuneration, or a grace period of non-liability for several years to recoup the investment with or without remuneration to the owner of the restored copyright.

5. Unrenewed Public Domain Works

The policy issues discussed above face any legislature when considering copyright recapture. The United States Congress will probably be asked to consider an additional issue, unique to the United States copyright system:

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[36] Ricketson, *supra*, note 9 at 667.

copyright recapture of pre-1978 works not renewed for the second term of copyright.

Before 1978, copyright endured for an original term of 28 years from publication (or from registration if copyright was obtained by registration of an unpublished work). The copyright expired after 28 years and the work fell into the public domain unless timely renewal registration was made with the Copyright Office during the last year of the original term.[37] Renewed copyrights enjoyed a second term of protection, which was originally 28 years and was extended to 47 years in 1978.

When Congress enacted the general copyright revision in 1976[38] (effective January 1, 1978), the term for newly copyrighted works became life of the author plus 50 years in general.[39] Pre-1978 copyrighted works, however, remained subject to the dual term, renewal registration system[40] until June 26, 1992.[41] Since only about 15-20 percent of works registered for the first term of copyright obtained renewal for the second term, before 1992 the bulk of copyrighted works entered the public domain of the United States after enjoying copyright for 28 years.

Should the United States restore the second term of copyright in foreign works that entered the United States public domain before 1992 because of failure to make renewal registration for the second copyright term?

Under one theory for interpreting Berne Article 18, there is no obligation to permit copyright recapture of unrenewed works because they fell into the public domain by expiration of their term of copyright. In any case, the disparity in length of protection is addressed by the comparison of terms rule. The forum country can apply the shorter term.

The opposing view contends that the references in Article 18(1) and (2) to "expiry of the term of protection," clearly mean expiration of the full copyright

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[37] Section 24 of the 1909 Copyright Act, title 17 of the U.S. Code in effect on December 31, 1977.

[38] The Copyright Act of 1976, Pub. L. 94-553, 90 Stat. 2541 (October 19, 1976), codified as title 17 of the U.S. Code.

[39] Section 302 of the 1976 Copyright Act.

[40] Section 304 of the 1976 Copyright Act.

[41] Congress abolished the mandatory renewal registration system by the Act of June 26, 1992, Pub. L. 102-307, 106 Stat. 264. The law applies prospectively and provides for automatic copyright renewal of works originally copyrighted between January 1, 1964 and December 31, 1977. The automatic extension of the term for 47 years creates a full copyright term of 75 years for these pre-1978 copyrights.

term -- not a term shortened by failure to satisfy a formality prohibited by the Berne Convention. Under this viewpoint, the comparison of terms rule may satisfy governmental notions of reciprocity, but fails to accord authors a reasonable term of copyright protection in the case of unrenewed works. Since a 28 year term is much shorter than the minimum Berne term (except for photographs and works of applied art), it is argued that, fairness to authors requires copyright recapture of the second term of unrenewed works.

The most compelling case for copyright recapture of unrenewed works exists for those foreign works that fell into the United States public domain between March 1, 1989 and January 1, 1992. (That is, those foreign works that should have been renewed in the years 1989, 1990, and 1991.) All commentators seem to agree that the United States renewal registration formality in effect until June 26, 1992 was inconsistent with the obligations under the Berne Convention,[42] which the United States assumed March 1, 1989. In general, these works should have enjoyed a term based on the life of the author plus 50 years[43] (or the nearly equivalent 75 years), instead of a 28 year period of protection. This full-term protection should have been available since March 1, 1989 without compliance with formalities.[44]

Finally, even if the United States concludes that it has no legal obligation under Berne to restore copyright in unrenewed works, restoration may become a bargaining chip in trade-related negotiations. If copyright recapture were extended to unrenewed works of foreign origin, United States authors would not benefit directly from this restoration, unless Congress also were to take the highly controversial step of restoring copyright in United States origin works that were not renewed for the second term.

CONSTITUTIONAL CONCERNS

In considering copyright recapture of public domain works, the United States faces several unique problems. In addition to the unprecedented number of works potentially eligible for copyright recapture and the complications of unrenewed works, the Congress would need to consider possible constitutional limitations on its ability to take works out of the public domain.

Constitutional concerns about recapture of copyright in public domain works may arise under the First Amendment's Free Speech-Freedom of the Press Clauses; the Patent-Copyright Clause of Article 1, Sec. 8, Cl. 8; the Contracts Clause of Article 1, Sec. 10, Cl. 1; the Ex Post Facto Clause of Article 1, Sec. 9, Cl. 3; the Due Process Clause of the Fifth Amendment; or the Takings

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[42] "Final Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention," 10 COL.-VLA JOUR. LAW & THE ARTS 513, 581 (1986).

[43] Art. 7 of the Berne Convention.

[44] Art. 5(2) of the Berne Convention.

Clause of the Fifth Amendment. Of these, the most serious concerns relate to the Ex Post Facto and Takings Clauses.

1. Ex Post Facto Clause

The Ex Post Facto Clause [U.S. Const. art.I, Sec. 9, cl. 3] prohibits retroactive application of the criminal law. The Copyright Act contains criminal infringement provisions, which are enforced by the Criminal Code, title 18 U.S.C. Any copyright recapture legislation would need to make clear there is no criminal liability for acts of "copyright infringement" undertaken before recapture. Care also would need to be taken with respect to acts commencing before recapture and continuing after recapture.

2. Takings Clause

The Fifth Amendment of the U.S. Constitution prohibits the taking of "private property ...for public use without just compensation." The "Takings Clause" presents the most significant potential hurdle for the Congress in legislating copyright recapture of public domain works. The clause operates to inhibit the Congress from placing burdens on some citizens that, in fairness, should be borne by the public as a whole.[45]

The government has broad discretion to regulate the appropriate balance between the interests of individual property holders and the public interest in achieving certain policy objectives. Not every taking requires compensation.

Two primary issues must be addressed in evaluating the likely constitutionality of copyright recapture legislation:

> First, to what extent would the recapture legislation affect a "property" interest?
>
> Second, does the governmental action amount to an unconstitutional taking of any property?

(1) **Property interests affected by recapture.** Public domain works are exploited by the public in various ways, including reproduction of copies and their distribution, preparation of new versions, and public performance or public display. The possible property interests involved include expectancies; vested rights acquired by creation of new versions; rights acquired by inheritance, gift, or purchase; and investment-based rights. With the exception of expectancies, each of these rights categories may constitute a "property" interest whose uncompensated taking may be unlawful under certain circumstances.

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[45] *National Board of Young Men's Christian Association v. United States*, 395 U.S. 85 (1969); *Agins v. City of Tiburon*, 447 U.S. 255, 260-61 (1980).

A mere expectancy is not a property interest covered by the Takings Clause since reliance rights have not been established. *Freese v. United States,* 639 F. 2d 754 (Ct. Cl. 1981) (federal law terminating right of mining claimholders to "patent" title to federal land upheld since the opportunity to apply for a patent is not a vested right).

The Takings Clause applies most strictly to land-based property rights, but it is clearly not restricted to real property claims. In *Ruchelshaus v. Monsanto Co.,* 467 U.S. 986 (1984), the Court protected trade secrets in health safety data against an uncompensated, retroactive taking, even though private competitors of Monsanto, and not the general public, were the direct beneficiaries. Since the governmental regulation required disclosure -- an act that expunged any trade secret rights -- the private property was taken for public use, for which the Fifth Amendment requires just compensation.

Copyright recapture legislation most clearly implicates the Takings Clause if the law expunges copyrights in derivative versions of works recaptured from the public domain. The constitutionality of the law may be established by providing "just compensation," perhaps through an arbitration procedure or a grace period during which the right in the derivative work can be exploited to recoup any investment.

(2) **Is the governmental action a taking?** The Supreme Court has eschewed development of any formula for identifying when an unconstitutional taking occurs. The Court relies instead on ad hoc, factual inquiries, which are influenced by the following factors: the economic impact of the governmental regulation on the claimant; the extent to which the governmental regulation interferes with distinct investment-backed expectations; and the character of the governmental action. *Connolly v. Pension Benefit Guaranty Corp.,* 475 U.S. 211, 225 (1986).

In cases of permanent physical occupation or intrusion of real property, the governmental action invariably is considered a taking without regard to the public interests intended to be served. *Loretto v. Teleprompter Manhattan CATV Corp.,* 458 U.S. 419, 426-27 (1982) (city ordinance requiring landlords to allow intrusion of cable wires in their buildings held taking requiring compensation); *Dolan v. City of Tigard,* 93-518, ___ S.Ct. ___ (decided June 24, 1994) (city's restriction on building permit for hardware store expansion requiring recreational easement for adjacent pedestrian/bicycle path constitutes uncompensated taking in violation of Takings Clause); *Hodel v. Irving,* 481 U.S. 704 (1987) (federal law abrogating rights of descent and devise in small undivided property interests in Indian lands held unconstitutional taking).

Physical occupation or permanent regular use of real property constitutes a taking because the governmental use tends to exclude all other uses. The nature of real property lends itself to exclusionary use. If the governmental use does not "swallow up" the entire property right, the Court tends to find there has been no taking. *Hodel v. Indiana,* 452 U.S. 314 (1981) (regulation of surface mining of prime farmland not a taking because the law did not prohibit

surface mining and did not deprive owner of other economically beneficial uses); *Pennell v. City of San Jose*, 485 U.S. 1 (1988) (city rent control ordinance held constitutional even though board has power to reduce rent for hardship tenants).[46]

Copyright, an intangible property right, consists of a bundle of separately exploitable rights. Governmental regulation of copyright can therefore be crafted to avoid a taking by leaving some economically beneficial uses untouched. Like the regulation of bird feathers in *Andrus v. Allard*, 444 U.S. 51 (1979), governmental regulation of copyrights may avoid characterization as a taking if the regulation does not destroy all of the strands in the copyright bundle of rights. In *Andrus*, the Court upheld retroactive application of prohibitions on the sale of bird artifacts-- the most economically beneficial use-- on the ground that the owners retained the rights to possess (and therefore display publicly) and transport their property. Reduction in the value of the property is not necessarily a taking, and the "interest in anticipated gains has traditionally been viewed as less compelling than other property-related interests." 444 U.S. at 66.

Application of these general Takings Clause principles to recapture of copyright in public domain works leads to these general conclusions:

> 1) complete abrogation of intellectual property rights in copyrighted derivative versions of the public domain work without any compensation to the rightsholder probably constitutes an unconstitutional taking;
> 2) copyright restoration that retroactively destroys investment-backed interests in the exploitation of the public domain work may constitute an unconstitutional taking;
> 3) copyright restoration that retroactively destroys expectancies or other anticipated gains not backed by investments does not constitute a taking;
> 4) preservation of the physical property right in material objects embodying public domain works by itself may not be sufficient to avoid an unconstitutional taking;
> 5) the constitutionality of copyright recapture legislation can probably be assured in cases one and two above either

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[46] For a comprehensive analysis of the Takings Clause, see "When the United States Takes Property: Legal Principles," CRS Report No. 91-339A by Robert Meltz.

> by an arbitration- compensation provision or by a grace period of several years during which the category one and two claimants can exploit their rights in the works designated for copyright recapture without any liability for copyright infringement.

3. Contracts Clause

Article 1, Sec. 10, clause 1 (the Contracts Clause) provides that "[n]o States shall...pass any...Law impairing the Obligation of Contracts...." The literal text imposes an obligation on the States and not on the federal government. The Supreme Court in *Pension Benefit Guaranty Corp. v. R.A. Gray & Co.*, 467 U.S. 717 (1984) held the Contracts Clause does not apply to actions of the federal government. Therefore, federal legislation allowing the recapture of copyright in public domain works would not implicate the Contracts Clause.

Although federal recapture legislation would not be subject to the Contracts Clause, the Congress may as a matter of good policy nevertheless wish to consider special provisions or exceptions to minimize the impairment of contracts. A general grace period of a few years duration would minimize any impairment of rights acquired by purchase.

4. Patent-Copyright Clause

Authority for Congress to legislate in the copyright field has its source in the Patent-Copyright Clause of the U.S. Constitution [art 1, Sec. 8, cl. 8]. Congress has the power to "promote the progress of science and useful arts, by securing, for limited times, to authors and inventors, the exclusive rights to their respective writings and discoveries."

Does the "limited times" constraint on congressional copyright authority inhibit the power to restore copyright in public domain works?

The few precedents that exist suggest the answer is "no," especially if the recapture legislation merely restores protection for the remainder of the normal term of copyright.

Congress passed public laws twice in this century to restore copyright in works that may have fallen into the public domain because wartime conditions made it difficult or impossible to comply with copyright formalities.[47] In each case, Congress provided a grace period or "savings clause" to protect those who

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[47] The Act of December 18, 1919, 41 Stat. 368 (World War I works); the Act of September 25, 1941, 55 Stat. 732 (World War II works).

had acted in reliance on the public domain status of the recaptured works. The constitutionality of these recapture laws was never challenged.

Nor does the "limited times" provision significantly inhibit congressional authority to extend the term of subsisting copyrights. In the 1976 general revision of the copyright laws, Congress extended the term of all subsisting copyrights by 19 years. No one has litigated the question of Congress' authority to extend the term of subsisting copyrights. Of course, the "limited times" provision would be violated presumably by an excessive term of protection. Recapture legislation to restore the normal term or add a few years to the copyright term, however, would not seem to violate the "limited times" provision.

5. First Amendment's Free Speech-Freedom of Press Clauses

At least one eminent copyright authority, the late Melville Nimmer in his copyright treatise posits that retrieval of works from the public domain may violate the First Amendment rights of freedom of speech and of the press.[48]

This thesis is based solely on sweeping language in one patent case decided by the Supreme Court. In *Graham v. John Deere Co.,* 383 U.S. 1 (1966), the Court said that "Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." 383 U.S. at 6. Patent protection however is broader than copyright protection. The former protects concepts, discoveries, and ideas in concrete applications. Copyright protects only against copying of protected expression. The ideas, concepts, discoveries, or facts are not protected by copyright. Copyright restoration arguably does not "remove existent knowledge from the public domain."

Copyright restoration does inhibit "free access to materials already available," but only with respect to the original expression in those materials. Recent copyright decisions of the Supreme Court indicate there is no conflict between the objectives of the First Amendment and the Patent-Copyright Clause. In *Harper & Row v. Nation Enterprises,* 471 U.S. 539 (1985), the Court said "the Framers intended copyright itself to be the engine of free expression." 471 U.S. at 558. Also, "copyright supplies the economic incentive to create and disseminate ideas." *Ibid.*

Since the information and ideas contained in the recaptured works would be readily available, recapture of copyright in public domain works would not seem to conflict with the First Amendment's freedom of expression principle. To the contrary, the Supreme Court has recognized that copyright is a positive force in the creation and dissemination of ideas.

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[48] M. NIMMER, NIMMER ON COPYRIGHT, Sec. 1.05 at I-36.2 (1993).

6. Due Process Clause of the Fifth Amendment

Challenges to retroactive legislation under the Due Process Clause are much less successful than challenges under the Taking Clause. The general standard applied by the Supreme Court is that the governmental action must be in furtherance of a legitimate legislative purpose and Congress must use rational means to achieve its purpose. *Pension Benefit Guaranty Corp. v. R.A. Gray & Co.*, 467 U.S. 717 (1984). Unless Congress is found to act in an "arbitrary and irrational way," legislation "adjusting the burdens and benefits of economic life" will pass constitutional muster. *Usery v. Turner-Elkhorn Mining Co.*, 428 U.S. 1, 15 (1976).

The individual who attacks the constitutionality of retroactive civil legislation on due process grounds bears the burden of showing Congress acted "arbitrarily and irrationally." *United States v. Locke*, 471 U.S. 84 (1985). The regulations on the exercise of rights need only be "reasonable restrictions designed to further legitimate legislative objectives...." *Id.* at 104.

The obligations of the United States under Berne's Article 18 arguably provide ample justification for any copyright recapture legislation to satisfy the Due Process Clause. Additional justification, if necessary, could be found in the public benefits of promoting the rights of American copyright holders and authors abroad, lowering the trade deficit, reducing piracy of American works abroad, and fostering international goodwill and comity.

CONCLUSION

The Congress may consider, as part of the legislation to implement the GATT 1994, a provision permitting recapture of copyright in certain public domain works. Such a provision is not required by the GATT 1994, but may be proposed to facilitate future bilateral and regional negotiations. Copyright recapture legislation, while not unprecedented, is a rare phenomenon. The proposal presents legal, constitutional, and practical issues which have been analyzed in this report.

Article 18 of the Berne Convention contains rather vague, circular language concerning retroactive protection of works that remain under copyright in their countries of origin but reside in the public domain of a country when it adheres to the Convention. Despite the vague language, most interpreters agree that Article 18 creates an obligation to restore the copyright in at least some of these public domain works, if the ordinary term of copyright has not expired either in the country of origin or in the country where protection is sought.

The United States adhered to the Berne Convention on March 1, 1989 and enacted implementing legislation which deliberately failed to allow recapture of any works from the public domain. The Convention clearly allows each country considerable latitude and discretion in carrying out the obligations of Article 18

through special conventions (that is, bilateral agreements generally) or, in their absence, national law.

There are few relevant precedents to serve as guidelines for the implementation of Article 18. In the end, each country's national self-interests, including the interests of those who benefit and those who are disadvantaged by copyright recapture, determine when to legislate, if at all. Those same national interests will determine the nature, scope, and duration of the restored copyrights and limitations thereon.

Because the United States maintained formalities as conditions of the enjoyment and exercise of copyright for nearly 80 years longer than most countries, the number of works in our public domain potentially eligible for copyright recapture greatly exceeds that of other recent adherents to the Berne Convention. In addition, Americans in greater numbers have tended to exploit the public domain and therefore may be thought to hold reliance rights that are entitled in some measure to compensation, if copyrights are restored. Our written Constitution also may restrict the power of Congress to legislate retroactive protection of public domain works.

Of the possible constitutional concerns about copyright recapture legislation, the most serious concerns relate to the Ex Post Facto Clause and the Takings Clause. Any copyright recapture legislation would need to make clear there is no criminal liability for acts of copyright infringement undertaken before recapture.

Copyright recapture legislation most clearly implicates the Takings Clause if the law should expunge copyrights in derivative versions of works recaptured from the public domain. The constitutionality of the law may be preserved by providing "just compensation" for any taking. The most promising alternatives are: arbitration procedures to establish just compensation, or a grace period of non-liability during which the holder of reliance rights can exploit the former public domain works sufficiently to recoup any investments made before the effective date of the recapture legislation.

The treaty obligations of the United States under the Berne Convention arguably provide ample justification for copyright recapture legislation to satisfy any due process concerns and to establish the rational basis for the legislation. The public benefits engendered through the promotion of the rights of American copyright holders and authors abroad, lowering of the trade deficit, reduction of piracy of American works, and advancement of international goodwill, provide additional justification for copyright recapture legislation. Congress will be asked to balance these benefits against the negative effects that may result from a diminished public domain.