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Chambers Global Practice Guides

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INTRODUCTION

Contributed by: Rebecca O'Kelly-Gillard, Bird & Bird LLP

In reviewing the contents of this guide, it is interesting to see the broad range of issues to which copyright is being applied and which contributors believe are having the most impact in their jurisdictions. These range from the most cutting-edge technological advancements (the metaverse, non-fungible tokens (NFTs), AI) to the more traditional forms with which we associate copyright (art, photographs, music). Copyright is not merely being considered in the context of whether copyright arises in the works themselves, but how those works are being delivered to consumers also raises complex questions of whether the copyright in those works is being infringed and, if so, by whom? This overview attempts to pull together those threads from the national contributions.

With the rise in digitisation and online activity, complex issues regarding the scope of copyright protection are coming to the fore like never before. Alongside those new works arising through technical innovations, certain courts (most particularly in Europe and the UK) are considering what broader categories of works, many of which may still be considered to be quite traditional in nature (bicycles, jeans, etc), can qualify as copyright works – pushing against some jurisdictions' historic trend towards pre-defined, closed lists of works in which copyright can subsist. This exciting development means that new angles of legal protection and attack may be on hand to creators and manufacturers that have never existed before.

Digital and Data Drive Developments

The French chapter's reference to the *Cour de Cassation's* decision in *Cryo* reminds us that the courts there determined that copyright protection in video games applies to more than merely

the software that underpins those games, and that works need to be considered holistically; they also have numerous other copyright works embodied within them (eg, a script, soundtrack). Our French contributors discuss how this decision is likely to be highly relevant when courts are faced with how to define works as they appear within a metaverse (whether that be a gaming platform or blockchain-based ecosystem).

Whether new uses of existing works infringe copyright or are permissible transformative uses is also an issue that is likely to vary from jurisdiction to jurisdiction and which is a theme present in all contributions. By way of example, the fair dealing exceptions to copyright infringement in the UK are far narrower than the fair use exceptions that exist in the US. And even in the US the parameters of transformative uses (and the interplay with artists' first amendment rights) are being keenly fought before the US courts, most noticeably in the case *Andy Warhol Foundation for the Visual Arts, Inc. v Goldsmith*, which at the time of print in February 2023 is awaiting a judgment from the US Supreme Court. This case could have considerable implications for transformative uses in the US, but should also be considered in tandem with the Southern District of New York's finding in *Hermes et al. v Rothschild* where the defendant was not entitled to rely on a first amendment/transformation art defence in defending *Hermes'* claim for trade mark infringement in relation to his creation of "MetaBirkin" NFTs.

The scope of transformative use and fair use is not just a hot topic in the US. Our Taiwanese contributors also reflect on recent case law where the fair use exception was relied upon in several cases relating to the use of photographs,

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third parties' video content and concerts, with varying degrees of success. Fair dealing for the purposes of parody and pastiche were also considered in the UK in the Shazam case. With ever-emerging new uses, one can expect that this trend in the reliance on transformative use exceptions is likely to increase.

New ways in which content and creative works are being delivered and engaged with by consumers (such as in NFTs or metaverses) are also likely to create new revenue streams for rights-holders, and it will be interesting to observe how Collective Management Organisations (CMOs) and other rights-holders licence and account for such uses (as discussed in the French chapter). This development will be particularly interesting to keep track of against the backdrop of legislators also showing a desire for an increase in the regulatory oversight of online platforms (see for example the implementation of the Directive (EU) 2019/790 (the "DSM Directive") regarding the additional obligations for content-rich online platforms).

Liability of online platforms has also been at issue across a number of jurisdictions, see for example the Indian section of this guide and the analysis of the Honourable Delhi High Court's decision in *Christian Louboutin Sas v Nakul Bajaj & Others*. While this Indian case looks more closely at counterfeit goods based on trade mark infringements, other jurisdictions, most particularly in the Taiwan section, focus on how copyright works are being delivered to consumers (eg, apps offering hyperlinks to infringing works) and whether these delivery mechanisms and platforms infringe the copyright in those works. This is a matter that has been considered in various circumstances by the Court of Justice of the European Union (CJEU) (including in *GS Media BV v Sanoma Media Netherlands BV* and the

joined cases C-682/18 (YouTube) and C-683/18 (Cyando)) and the UK (in particular in *Warner Music & Sony Music v TuneIn* which has been ongoing since November 2017) and is likely an area for further litigation as new online platforms continue to emerge and the national legislation governing their activities diverge.

In the arena of tech innovation, issues regarding generative AI models are also anticipated to be heavily litigated over the next couple of years, with Getty Images having filed a claim against Stability AI in the UK and the same and other entities being the subject of a copyright infringement claim by various photographers in the US.

Contributors discuss a number of issues arising in relation to AI-generated works.

By way of example, as the US section discusses in more detail, several attempts have been made in the US to have works generated by AI systems registered at the US Copyright Office – to date all such applications having been unsuccessful, but the matter is now also before the courts: see the discussion on *Thaler v Perlmutter*. Given the application of generative artworks (such as avatars in certain styles, memes, etc) a traditionally simple question of "who is the author of a work" appears to be becoming substantially more complex. This is not a point that can be considered in isolation and will be impacted by the terms of conditions of use of the AI systems themselves – though this of course in turn begs the question whether the system operators are entitled to assert copyright over works generated using their systems and, if so, whether they can do so solely through website terms and conditions.

Generative AI also feeds into the issue of data sets that are used for AI training models and

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other purposes. This is another area that is subject to both legislative and judicial law making in many jurisdictions. Singapore, the US and the EU have all recently taken steps to implement legislation regarding text and data mining (TDM), whereas in the UK (which has had a narrow exception for nearly a decade), the UK Intellectual Property Office announced in June 2022 that the UK planned to introduce more liberal exceptions for the purpose of TDM, but that plan has apparently been put on hold by the UK legislature in January 2023. Given the different approaches taken around the world, this is likely to lead to a tension between differing legislative frameworks which could impact where businesses choose to establish themselves. There is also likely to be further litigation regarding the balance of exceptions for the purpose of text and data mining and the enforceability of website terms and conditions against entities that webscrape to affect that TDM and whether that webscraping amounts to a breach of the website terms and conditions and/or copyright infringement (if indeed copyright subsists in the material scraped).

As many commentators in this guide have referred to (see in particular the French and Indian trends sections), jurisdictional issues regarding the enforcement of copyright is likely to be a complex area that platform operators (particularly those providing metaverse-style services), users and content owners are going to have to grapple with over the coming years.

Works in Which Copyright Subsists – the Originality Requirement

At the same time as rights-holders, content creators, platform developers and law makers are trying to deal with the application of copyright law to new technologies, more “traditional” concepts of copyright law also continue to be heavily litigated and developed around the world. It is

the issue of originality which is creating the most significant waves in non-digital copyright issues. A trend in case law at the CJEU (Info, Cofemel, Brompton Bikes) demonstrates that works that might previously have been considered insufficiently “creative” to garner protection are now likely to obtain copyright protection in the EU provided the work is the author’s own intellectual creation and is an expression of that creation, and that any technical aspects do not prevent any creative freedom. Despite the UK now having left the EU, this is a judicial line of thinking that has been adopted by the UK courts suggesting that the “closed list” of copyright works provided for in UK copyright legislation can no longer be taken as exhaustive and the list of works that may be subject to copyright protection will arguably expand (as evidenced in the Shazam and Water Rower cases discussed in the UK chapter in which both fictional characters and exercise rowing machines may potentially be subject to copyright protection). The issue of originality has also recently been invoked in Taiwan in relation to the reproduction of photos showing existing factual material; the photos were not deemed to be a reflection of artistic expression and therefore were not protected by copyright.

Conclusion

It is interesting that as the types of work which may be subject to copyright expand, so too does the number of ways in which copyright works can be delivered to consumers grow. This means that not only are there potentially more rights-holders who can bring copyright infringement proceedings, but also that the number of targets who are potentially infringing those rights is increasing. With an increase in works and an increase in infringers, this suggests that there is only likely to be a growth in copyright litigation around the world.

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Bird & Bird LLP is plugged directly into the copyright ecosystem of content creators, owners, distributors and users, with a future-facing copyright team of digital experts: tech-savvy; regulation-aware; and a step ahead of current trends. It continues to top the rankings for its copyright practice, and provides a comprehensive service that sets it apart from its competitors. It has advised high-profile creators and rights-holders on: copyright enforcement; collecting societies and rights organisations on

licensing and competition issues; technology platforms on matters relating to user-generated content, hyperlinking, and corresponding liability issues; and businesses across the value chain on issues regarding the ownership and exploitation of data. Not only does it have the range and depth of expertise, but with more than 450 lawyers and legal support staff dedicated to IP across 31 offices, it has numbers in force.

Contributing Editor



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1. Statute and Treaties

1.1 Copyright Statutes

French copyright law is governed by the French Intellectual Property Code, particularly Articles L1111-1 to L343-7, and by the EU Copyright Directive of 2001, along with the other EU directives implemented into national law.

The legislation can be accessed online at www.legifrance.gouv.fr.

1.2 Conventions and Treaties

France is party to the Berne Convention of 9 September 1886, in its last version as modified on 28 October 1979.

France is also party to the following international conventions and treaties:

- the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations of 1961;
- the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms of 1971;
- the TRIPS Agreement of 1995;
- the WIPO Copyright Treaty of 1996; and
- the WIPO Performances and Phonograms Treaty of 1996.

1.3 Foreign Copyright Holders

Copyright protection in France is not subject to any specific formality. Protection is automatically awarded to original works that meet the legal requirements to be protectable under French copyright law, upon the creation of the work.

In accordance with the Berne Convention, this applies equally to foreign authors of protectable works, who do not need to follow any specific

step in order to benefit from copyright protection in France.

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

Under French Law, a work must be original in order to benefit from copyright protection.

Originality under French copyright law is assessed by the courts and is understood to cover a work that bears the imprint (the expression) of the author's personality.

This criterion applies to all kinds of work – the type or form of the work is irrelevant, as is the merit of the author or the purpose of the work.

However, Article L112-2 of the Intellectual Property Code provides a non-exhaustive list of protectable works under French law.

2.2 Special Notice and Registration of Works

Under French copyright law, protection is automatically awarded to original works upon the creation of the work, without any formality.

There is therefore no public list or registry of protected works in France.

2.3 Categories of Copyrightable Works

French law provides a non-exhaustive list of protected works, covering graphic works, photographic works, creations of seasonal clothing and accessories, as well as literary works, dramatic works, musical works, cinematographic works, works of fine art such as paintings and sculptures, plans, maps and sketches.

However, this list is not comprehensive, so a non-categorised work of art can be protected if it meets the general requirement of originality.

The protection is not limited to fixed works per se. However, in order to be protected, the work must have been actually completed/created. Mere concepts and ideas are not protectable as such.

2.4 Software

The components of software that may be protected by copyright, subject to the general requirement of originality, are as follows:

- the graphic interface;
- the name or title;
- the user manual;
- the program itself, which includes the source code, object code and executable file; and
- preparatory material.

However, the following features of software are not protected by copyright:

- the algorithm, which is considered as a series of ideas; and
- the functionalities of the software, as well as the software requirements specification.

Regarding the nature of the protection awarded to the components that are eligible for protection, there are no differences from other forms of copyright protection. Software can also be cumulatively protected by patent law when it has technical characteristics that meet the usual patentability criteria (novelty, inventiveness, sufficiency of description) and it is part of a larger invention which is patentable.

2.5 Databases

Databases, either in electronic or non-electronic form, benefit from general copyright protection if they meet the originality requirement.

A sui generis legal protection is available to makers of databases, provided that there has been substantial financial, material or human investment in the obtaining, verification or presentation of the contents.

This sui generis protection is independent of general copyright protection and lasts for 15 years following the establishment of the database.

2.6 Industrial Design

Industrial designs benefit from copyright protection if they meet the originality requirement. They benefit from general copyright protection, like any other original work.

Moreover, in France, industrial designs can be cumulatively protected by Design Law if they meet the specific requirements, which are novelty and individual character, and provided they are registered with the French Industrial Property Office.

In addition to copyright, industrial design owners can also benefit from protection under the registered or the unregistered “community design” right. The former requires a filing with the European Union Intellectual Property Office, while the latter offers a protection of three years from the date on which the design was first disclosed within the territory of the European Union without any formality requirement.

3. Authorship and Copyright Ownership

3.1 Authorship

The author is a natural person (companies cannot be considered “authors” under French law, even though they may own the copyright) who is generally identified by their name.

Unless proven otherwise, authorship belongs to the person or persons under whose name the work is disclosed. There is a presumption of copyright ownership, in the absence of a claim by the author, in favour of the person who makes unequivocal use/disclosure of the original work under their name. This person can be a company.

3.2 Joint Authorship

French copyright law provides different scenarios when it comes to works that are created from the joint work of several authors. The three different forms of joint work are defined in Article L113-2 of the French Intellectual Property Code, and specific regimes are applicable to each of them.

The only regime that provides for joint authorship is that of the “collaborative work”, which is a work created through the contribution of several natural persons – eg, a song. Each author is considered a “co-author”, and the creation gives rise to joint ownership of the work.

The copyrights on a collaborative work are governed under a system of “indivision”, thus all acts that affect the use/disclosure of the work require the unanimous agreement of all the co-authors, including assignments, licensing, etc.

However, an exception to this general rule are cases where the contribution of each author can

be individualised from the overall work, in which case, each author may exercise their copyright on their own part of the work, provided it does not affect the overall work.

3.3 Anonymous or Pseudonymous Works

Under French copyright law, the author is free to remain anonymous or to choose a pseudonym. This choice does not change the nature or extension of the copyright protection (Article L113-6 of the French Intellectual Property Code).

An anonymous author is represented by the publisher or the person who commercially distributes the work in order to exercise the copyrights related to the work.

For anonymous works, French law provides an exclusive right for a period of 70 years from 1 January in the calendar year following the year in which the work was first made public. If the author makes themselves known, so that the work is no longer anonymous, the general regime of protection applies (ie, 70 years after the author’s death).

Orphan Works

Orphan works are governed by a different legal regime to anonymous work.

French law defines an orphan work as a work protected by copyright and disclosed, for which the rights holder cannot be identified nor found, despite diligent, proven and serious research.

Written orphan works that are included in collections of public libraries, museums, archives, cinematographic or sound heritage institutions or educational institutions (with the exception of photographs and fixed images), which exist as standalone works, may be used by the above-

mentioned entities in the context of their cultural, educational and research missions. However, French law requires that these entities do not pursue any profit-making purpose and that they earn revenue where appropriate and for a period not exceeding seven years to cover only the costs arising from digitisation and making the works accessible to the public.

Audio-visual or sound orphan works

A similar regime applies to audio-visual or sound orphan works that form part of these aforementioned collections or that were produced by public service broadcasting organisations before 1 January 2003 and are included in the archives of the aforementioned organisations.

Out-of-Commerce Works

France has established a specific system regarding out-of-commerce works, which are works that are still under copyright protection but are no longer available to the public due to the lack of current exploitation. Indeed, the French legislative body has decided to set up a specific collective management of right to facilitate the digital use of these works.

3.4 Collective Works

Collective works are defined by French law as works created at the initiative of a natural or legal person who edits, publishes and discloses the collection under its direction and name, and where the personal contribution of the various authors involved in its creation is merged into the overall work without it being possible to attribute a separate right in the work to each author.

The main condition to this qualification is that the contributions of the authors fuse in such a way that it becomes impossible to attribute separate rights to the contributors.

Economic and moral rights are therefore granted to the natural or legal person who initiated and directed the creation and disclosed it under their name (Article L113-5 of the Intellectual Property Code).

3.5 Corporate Authorship

Under French copyright law, only natural persons can qualify as authors. Therefore, a legal person, such as a company, cannot be considered the “author” of a protectable work.

In France, there is no specific work-for-hire doctrine per se, with the general rule being that copyrights are granted to the author, who can also be an employee.

However, in the case of the above-mentioned collective work, the employer can be considered as the right holder if the work has been created at their initiative and under their control, and if the individual contributions merge in the work in a way that makes it impossible to allocate separate rights to each contributor.

Employers and employees are also free to sign a copyright licence/assignment agreement that provides for the transfer of the economic rights to the employer in accordance with the general rules and specific standards applying to such agreements. Thus, the parties have to specify the economic rights affected by the transfer, the purpose and extension of the allowed use, as well as the relevant territory and duration. General clauses in the employment contract that provide for the transfer of “all rights” on future works are void, in accordance with a 1957 statute which prohibits any “global assignment on future works”.

The above applies equally to private and public employer entities.

Software

A specific regime applies to software in that the economic rights of software created in the framework of the employee's work missions and their documentation are automatically transferred to the employer by virtue of the law.

4. Rights Granted to Copyright Owners

4.1 Economic Rights

The specific economic rights granted to the copyright owner are listed and governed by Articles L122-1 et seq of the French Intellectual Property Code, and include the following:

- the right of representation, which is defined by law as the communication of the work to the public, by any means; and
- the right of reproduction, which is defined by law as the material fixation of the work by any process that allows it to be communicated to the public in an indirect way.

Authors of graphic or plastic works benefit from an additional economic right, called *droit de suite*, which could be translated as "resale right", which results in the right of the author to benefit from the proceeds of any sale of a work after the first transfer by the author or their successors in title, where a professional in the art market acts as a seller, buyer or intermediary.

The duration of economic rights lasts the author's whole life and up to 70 years after the death of the author. There are no specific circumstances under which French law provides for a non-consensual termination or shortening of rights vested in the author.

French law does not establish a different treatment for each economic right at issue, nor the type of copyrighted work.

However, the following specific rules apply, depending on the authors:

- for collaborative works (ie, works involving more than one author), the duration of the economic rights expires 70 years after the death of the last surviving author;
- for works published more than 70 years after the death of the author, a period of 25 years of protection begins, with the rights belonging to the owner of the material work;
- for works by authors who are declared to have died "for France", there is an additional protection of 30 years;
- for works by anonymous authors, the duration of the rights is 70 years, starting from the publication of the work; and
- for collective works, the duration is 70 years from the publication of the work.

4.2 Alienable Rights

Economic rights can be alienated in whole or in part, exclusively or non-exclusively, without limitation or conditions.

However, in order to be valid, an assignment of economic rights must comply with the formal requirements set by the French Intellectual Property Code.

4.3 Transmissible Rights

Economic rights are transmissible after the author's death, to the author's heirs unless provided otherwise in the author's will or unless they were assigned to a third party prior to the author's death. The copyright owners enjoy the same reproduction and representation rights after the death of the author, for a period of

70 years therefrom, and can therefore alienate the right in whole or in part, exclusively or non-exclusively, without limitation or conditions.

4.4 Transfer of Rights

There is no minimum age per se to exercise copyright. However, the rights holder must be of legal age and have the capacity to carry out a commercial activity and/or enter into commercial contracts, so certain aspects of the exercise of their rights granted by copyrights law could be limited by their age.

There are specific types of contracts relating to copyrights, which are governed by specific provisions of the French Intellectual Property Code, as follows:

- edition contracts, by which the author or their heirs assign their rights to a person in charge of making or having someone make copies of the work and take charge of its publication and distribution;
- contracts for representation of a work, by which the author or their heirs authorise a natural or legal person to represent the work under certain conditions; and
- contracts for production of audio-visual works, by which the authors of audio-visual works, other than music works with or without lyrics, assign to the producer their exclusive right to use the work.

The French Intellectual Property Code does not provide for any other specific contracts relating to copyrights, but it does set formal requirements that should be met by contracts that involve the transfer/sale of economic rights.

These contracts must:

- be in writing;

- indicate precisely the type of right that is being assigned/transferred; and
- indicate the extent, destination, place and duration of the use of the right that is being assigned/transferred.

4.5 Copyright Exhaustion Doctrine

French law does not have an exhaustion doctrine with regard to copyrights.

4.6 Moral Rights

The moral rights granted to the copyright owner are listed and governed by Articles L121-1 et seq of the French Intellectual Property Code.

They include the following:

- the right of paternity, which consists in the author's right to request that their name is associated with the work;
- the right to disclose the work consists in the author's right not to disclose the work to the public (however, the author can no longer claim this right if they authorise the disclosure of the work);
- the right to respect for their work (right of integrity), which prohibits the distortion of the work in a way that affects its integrity or spirit; and
- the right to reconsider or withdraw the work from the public sphere (this right is limited by the obligation of the author to compensate the person that makes commercial use of the work for the economic prejudice caused by the withdrawal).

Moral rights are perpetual. French law does not establish different terms according to the moral right at issue, the type of copyrighted work or the holder of the right. Only the author, being a natural person, and their heirs have moral rights over the work.

Moral rights are inalienable; they are inherent to the person of the author.

Moral rights in a work are transferred to the author's heirs upon the author's death. Moral rights may also be granted to a third party upon the death of the author, by virtue of testamentary provisions.

5. Copyright Management

5.1 Anti-circumvention Right

Articles L331-5 et seq of the French Intellectual Property Code set the regime for technical protection measures on copyrighted works.

Technical measures benefit from legal protection that punishes both the personal acts and the preparatory acts of circumvention or neutralisation of a technical protection measure by criminal fine, unless such acts are carried out for research purposes. To be punishable, the act must have been conducted knowingly.

The criminal penalties incurred are detailed in Article L335-3-1 of the French Intellectual Property Code and range from a fine of EUR3,750 to six months in prison and a fine of EUR30,000, depending on the specific action carried out to circumvent the technical measure.

5.2 Copyright Management Information: Legal Remedies

The French Intellectual Property Code provides for specific protection of Copyright Management Information, in Article L331-11.

Moreover, Article L335-3-2 of the same Code details the criminal penalties incurred, which range from a fine of EUR3,750 to six months in

prison and a fine of EUR30,000, depending on the specific action carried out.

That being said, the Article specifies that acts carried out for research or security purposes are not punishable.

6. Collectives

6.1 Collective Rights Management System

The collective management of copyrights was created in France in the 18th century. There are legal societies that manage copyrights on behalf of right-holders for their benefit, whether under legal provisions or a contract.

As a matter of principle, the French system allows the existence of several collecting societies, but there is only one collecting society for each type of work.

These societies can only manage economic rights.

6.2 Powers and Functions

The role of collecting societies is to manage copyrights or related rights on behalf of several right-holders for their collective benefit.

Collecting societies are required to prepare and make public an annual transparency report, including a special report on the use of amounts deducted for the purpose of providing social, cultural or educational services, resulting from the management of rights under a legal licence or compulsory collective management.

In addition, these companies must compile an electronic database of the amount, use and name of the beneficiaries of cultural actions.

Collecting societies must also publish updated information on their websites, including their status, the general regulations, standard contracts and tariffs, the list of members of their management, administrative and management bodies, the policy for the distribution of sums due to right-holders, the list of representation agreements and their signatories, the policy for the management of undistributable sums, and the procedures for handling consents and disputes.

At least once a year, they must make information relating to their management available to each of the right-holders to whom they have allocated or paid income from the operation of their rights during the previous financial year.

In addition, upon request they must communicate the works or other protected objects they represent, the rights they manage (directly or under a representation agreement) and the territories covered.

6.3 Synchronisation Rights

The French Intellectual Property Code does not provide specific rules on synchronisation.

The courts deal with synchronisation cases by applying general copyright rules.

7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

French law has no general provision listing the factors of the permitted use of copyrighted works without the copyright owner's consent. However, a list of exceptions to copyright is established in Article L122-5 of the Intellectual Property Code.

This list is comprehensive and based on statutory law. In all cases, exceptions have to respect the so-called “three-step test”, and they must not be detrimental to the normal use of the work and must not cause unjustified prejudice to the legitimate interests of the author.

Exceptions set by Article L122-5 of the Intellectual Property Code are multiple and may provide for solely the representation right (ie, private representation in a family circle) or the reproduction right (ie, private copying exception), or for both (ie, parody).

In fact, on the condition that the work has been disclosed, the author cannot prohibit:

- private and free representations in a family circle;
- copies or reproductions reserved for the use of the copyist;
- the following, provided that the name of the author and the source are clearly indicated:
 - (a) analyses and short citations;
 - (b) press reviews;
 - (c) the dissemination of speeches to the public;
 - (d) the reproduction of works intended for inclusion in a catalogue of judicial sale; or
 - (e) the representation or reproduction of excerpts from works for educational purposes;
- parody, pastiche and caricature;
- the acts necessary for access to the content of an electronic database for the purposes and within the limits of the use provided for by contract;
- temporary acts of reproduction of a work which are an integral and essential part of a technological process and the sole purpose of which is to enable lawful use or transmis-

sion in a network between third parties by an intermediary;

- acts of representation or reproduction for the benefit of disabled people;
- acts of reproduction or representation for conservation purposes by libraries, museums or archives;
- acts of reproduction or representation of a graphic or plastic work of art for the purpose of immediate information and in direct connection with it;
- digital copies or reproductions for the purpose of exploring texts and data included or associated with scientific literature for the purposes of scientific research; or
- the reproduction and representation of architectural works and sculptures permanently placed on the public highway by natural persons, excluding any commercial use.

7.2 Private Copying

France establishes an exception to copyright in the case of private copying, which applies to copies made from a legal source and only when the copy is reserved for the private use of the copier and not for collective use.

This exception does not apply to copies of artworks intended to be used for the same purposes as those for which the original artwork was created.

In addition, the copying of software is limited to the back-up copy only.

7.3 Reproductions: Cultural Goods/ Buildings

France establishes an exception to copyright in the case of reproductions of architectural works and sculptures permanently placed in public places.

This exception applies to natural persons and is only for non-commercial purposes, as long as it does not lead to an “abnormal disturbance” for the owner.

Any commercial use of the image of national public buildings is subject to a royalty.

7.4 Intermediaries

France establishes an exception to copyright for provisional reproduction that has a transitory or accessory nature, when it is an integral and essential part of a technological process and its sole purpose is to enable the lawful use of the work or its transmission between third parties through a network involving an intermediary.

This exception may only apply to works other than software and databases.

In addition, the reproduction of these works cannot have any economic value of its own.

7.5 Satire and Parody

France establishes an exception to copyright for parodies, pastiches and caricatures, taking into account the use of the genre. The parody must necessarily be humorous in nature in order to be established, such nature being assessed in concreto by the courts.

7.6 Freedom of Speech/Right of Information

Exceptions to the application of copyright law are provided by the French legal system, with the purpose of reconciling freedom of expression, the right to information and other human rights, with copyright.

A balance of the various parties’ interests is carried out by French law, resulting in an exclusive

list of copyright exceptions that is interpreted by the French courts.

8. Neighbouring Rights

8.1 Neighbouring Rights

France recognises neighbouring rights to copyright for performers, phonogram producers, videogram producers and audio-visual communication companies.

8.2 Transferring/Licensing/Sale

French regulation does not provide for specific types of contracts in order to transfer, license or sell neighbouring rights.

8.3 Exceptions

Some exceptions to copyright are applicable to neighbouring rights, as follows:

- private and free performances exclusively in a family circle;
- reproductions made by a lawful source, strictly reserved for the private use of the person who made them and not intended for collective use;
- analyses and short quotations justified by the critical, polemical, educational, scientific or informative nature of the work in which they are incorporated;
- press reviews;
- the broadcasting, even in full, of current information of speeches intended for the public in political, administrative, judicial or academic assemblies, as well as in public meetings of a political nature and official ceremonies;
- communication to the public or the reproduction of extracts of objects protected by a neighbouring right, with the exception of objects designed for educational purposes, for exclusive illustrative purposes

in the context of teaching and research, to the exclusion of any recreational or leisure activity, where the public for whom the communication or reproduction is intended is composed mainly of pupils, students, teachers or researchers directly concerned, where the use of such communication or reproduction does not give rise to any commercial exploitation and where it is compensated by a remuneration negotiated on a flat-rate basis;

- parody, pastiche and caricature;
- provisional reproduction of a transitory or accessory nature, if it is an integral and essential part of a technological process and its sole purpose is to enable the lawful use of the object protected by a neighbouring right or its transmission between third parties through a network using an intermediary; however, such provisional reproduction must not have any economic value in itself; and
- acts of reproduction and representation of a performance, phonogram, videogram or programme made for conservation purposes or intended to preserve the conditions of its consultation for research or private study by individuals, on the institution's premises and on dedicated apparatus, carried out by publicly accessible libraries, museums or archives, provided that they do not seek any economic or commercial advantage.

9. Infringement and Litigation

9.1 Types of Infringement

A copyrighted work is considered as infringed as soon as the work is published, reproduced, represented or distributed in disregard of the laws and regulations relating to the copyright of the author.

Under French law, copyright infringement does not require an actual copy of the work; it is assessed by taking into account the similarities (and not the differences) between the original work and the defendant's work.

Therefore, the reproduction of only some of the original characteristics of a copyrighted work can be considered an infringement.

9.2 Defences

The following can constitute defences to copyright infringement actions:

- claiming that the legal action violated the statute of limitations (the statute of limitations for copyright infringement actions is six years for criminal actions and five years for civil actions);
- proving that the work in which copyright is claimed is not original, and therefore does not benefit from the rights granted by copyright regulations;
- challenging the ownership of the copyright by the plaintiff; and
- if the contested use falls within one of the limited exceptions.

9.3 Proceedings

The French Intellectual Property Code provides for several actions against copyright infringement, as follows:

- a civil action for copyright infringement;
- a criminal action for copyright infringement (copyright infringement is considered a criminal offence punishable by imprisonment and a fine);
- urgent summary proceedings; and
- preliminary measures such as judicial orders for seizing counterfeit goods ("counterfeit seizure").

Within the writ of summons initiating legal proceedings, the plaintiff must specify the measures taken beforehand to attempt an amicable settlement of the matter.

As from 1 January 2020, and according to Article 750-1 of the French Civil Procedure Code, for claims with a value of EUR5,000 and under, the plaintiff must prove that it has tried one of the alternative dispute mechanisms prior to initiating legal proceedings (see **9.14 Alternative Dispute Resolution**). There are, however, exceptions to this rule, detailed in the French Civil Procedure Code, which allow the claimant to engage a civil action without previously trying an alternative dispute mechanism. The admissibility of the civil action is left to the appreciation of the judges.

For claims of a higher value, there are no specific legal requirements as to the precise steps to be undertaken prior to introducing a legal action, nor is there a specific time period to respect prior to initiating legal proceedings.

9.4 Jurisdiction

Only ten regional courts (*tribunal judiciaire* and courts of appeal), as listed in Chart VI annexed to Article D211-6-1 of the French *Code de l'organisation judiciaire*, have special jurisdiction for handling copyright proceedings: Bordeaux, Lille, Lyon, Marseille, Nanterre, Nancy, Paris, Rennes, Strasbourg and Fort-de-France.

9.5 Necessary Parties

Copyright infringement actions can be initiated by the author of the copyrighted work or the owner of the copyright, if the latter is different from the author.

In the absence of a claim by the authors, the courts entrust a presumption of ownership of

the rights to the persons who make public use of the work.

As a general rule, licensees who do not own the copyright cannot claim copyright infringement. They can, however, obtain damages for their own prejudice arising from the infringement, through an action based on the general civil law of unfair competition.

However, the law differentiates between exclusive and non-exclusive licensees and, by way of exception, allows exclusive licensees of copyrights on phonograms and videograms to take part in a copyright infringement action.

9.6 Third Parties

As mentioned above, third parties such as the owner of a licence on copyrights may claim damages for their own prejudice arising from copyright infringement on the grounds of the general civil law of unfair competition.

There can also be more than one defendant (infringer) involved and sanctioned in the frame of proceedings.

9.7 Urgent and Interim Measures

Urgent measures in summary proceedings are available for right-holders in order to put an end to copyright infringement as soon as possible, and thereby avoid/limit imminent or actual prejudice.

Such measures can be requested and obtained before filing infringement proceedings on the merit.

The general conditions to file summary proceedings are as follows:

- there must be an emergency;

- the measures requested must not face a serious challenge; and
- the measures requested must be justified by the existence of a dispute.

Moreover, conservatory or restoration measures can be obtained, notwithstanding the existence of a serious challenge, either to prevent imminent damage or to stop a clearly unlawful disturbance.

Protective measures that can be granted to copyright owners include the following:

- counterfeit seizure;
- an injunction prohibiting the sale or use of infringing goods;
- provisional damages; and
- the communication of documents by the defendant or a third party that could constitute evidence.

There is a legal obligation to start proceedings on the merits subsequent to obtaining a court order to seize counterfeit goods. This action on the merits must be introduced at the latest within 20 working days, or within 31 calendar days, following the seizure operations, whichever one of these two periods is longer, otherwise the court order authorising the seizure will become null.

There is no obligation to start legal proceedings on the merits in other cases.

9.8 Role of Experts

Experts may be called upon by both the parties and the court itself, particularly when complex and/or particular works are involved.

According to Article L332-3 of the Intellectual Property Code, bailiffs may be assisted by experts during the counterfeit seizure pro-

ceedings of software, but the presence of such experts is not mandatory.

9.9 Counterfeits and Parallel Imports

French law provides for a national procedure of customs detention of goods in the context of counterfeits and parallel imports, complementary to EU Regulation No 608/2013, of 12 June 2013.

Customs seizure may be carried out across all French territory and not only at the borders when the customs declaration is made, and applies to goods originating from non-EU countries.

The right-holder must make a formal request for customs detention, and they have to file evidence of their rights. The right-holder then has ten days to file an action before a French court so that the detention can be maintained for an indefinite duration.

Customs authorities may also seize counterfeit and parallel imports *ex officio*. In this scenario, right-holders have to make a formal request within four days of notification of the seizure.

Seized goods can also be destroyed by customs authorities.

9.10 Remedies and Sanctions

Civil and criminal sanctions (fine, imprisonment) are available in the case of copyright infringement, depending on the type of action brought by the right-holder. Civil sanctions have the purpose of putting an end to the infringement, usually by means of different injunctions, as well as reparation of the damages caused by the infringement. It is to be noted that no punitive damages are available under French law.

9.11 Administrative or Criminal Offences Criminal Sanctions

Copyright infringement can constitute a criminal offence enforced through criminal means, so criminal sanctions are also available. Right-holders may either bring the alleged infringer directly before the criminal court or intervene as a “civil party” in a criminal procedure brought before the court by a prosecutor. However, right-holders usually prefer civil proceedings due to the nature and specificities of intellectual property rights.

Administrative Measures

In 2009 the French legislative body introduced administrative measures known as a “graduated response” to make internet-users more aware of copyright infringements. Up until December 2021, internet-users responsible for alleged copyright infringement were first contacted by email by the anti-piracy administrative authority (HADOPI), and then by registered mail to inform them that they were at risk of being fined up to EUR1,500 if they failed to stop infringing copyrights. However, HADOPI did not pronounce any decisions and transferred case files to the French courts for that purpose.

While this system of “graduated response” remains in force, the HADOPI was ultimately dissolved at the end of 2021 and a new entity has been created to take over the HADOPI’s previous function – ie, the ARCOM (*Autorité de Régulation de la Communication Audiovisuelle et Numérique*).

9.12 Appellate Procedure

The appellate procedure for copyright proceedings is the same as the general appellate procedure before civil and/or criminal courts.

That being said, the court of appeal that has jurisdiction to hear a case is the one to which the

court of first instance that issued the appealed decision is attached.

The decision of the court of appeal can be appealed before the French Supreme Court – ie, the *Cour de Cassation*, located in Paris.

9.13 Costs

In principle, the losing party is required to bear the costs incurred during the procedure before the court, such as judicial experts' fees. However, the judge may decide that the successful party has to bear the whole or part of these costs.

The reimbursement of attorneys' fees and other expenses is governed by Articles 699 and 700 of the French Civil Procedure Code. Parties have to expressly ask the court to rule on these costs and oblige the losing party to reimburse the prevailing party. Also, the judge has discretionary power to determine the amount to be paid, taking into consideration such principles as equity or the financial situation of the parties.

9.14 Alternative Dispute Resolution

As mentioned above, the French law of civil procedure requires the plaintiff to specify the measures taken beforehand to attempt an amicable settlement of the matter, within the writ of summons initiating legal proceedings.

Moreover, for claims with a value of EUR5,000 and under, the plaintiff must establish that it has previously tried, unsuccessfully, to solve the matter through an alternative dispute resolution mechanism.

The most common alternative dispute resolution methods are as follows:

- conciliation – a discussion between the parties in the presence of a third party, which leads to a document signed by both parties; this conciliation report can become enforceable by a judicial decision;
- mediation – a discussion between the parties before a mediator, who is generally chosen by the judge;
- participatory procedure – the parties agree by way of contract, within a given period of time, to try to settle the matter amicably through discussions handled by their respective legal representatives; and
- arbitration – this implies that the parties have previously accepted to settle a potential dispute between them through arbitration, by signing a contractual document.

Contributed by: Vanessa Bouchara and Adèle Maier, **Bouchara & Avocats**

Bouchara & Avocats was founded in 2005 and the team now numbers ten dynamic and competent professionals based in offices in Paris, Lyon and Strasbourg. The firm specialises in all aspects of intellectual property: trade marks, design, copyright, domain names, data protection, personality rights, advertising law, distribution rights, unfair competition and free-riding. In copyright matters, the firm provides assistance and follow-up services in terms of advice on the protection of authors' rights, follow-up of the registration procedure by a bailiff to obtain

a fixed date for a particular creation, advice on assignments and transfers, and filing of customs surveillance records. **Bouchara & Avocats** is also skilled in the negotiation and drafting of sales and licensing agreements, in representation in disputes relating to copyright, and in all collateral issues relating to domain names and new technologies, including matters of unfair competition, which may be preferred to infringement proceedings when the copyright infringement is not certain.

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Trends and Developments

Contributed by:

Karine Disdier-Mikus and Marguerite Senard

Fiducial Legal By Lamy see p.28

Metaverse and Copyright in the French Environment

In today's society, innovation has become key to the development of businesses. However, this does sometimes lead to problems in cases where laws are less advanced than elaborate technologies. Laws therefore have to adapt, but before then it is usually up to the courts to be confronted with the challenge of providing sound judgement based on the existing laws. Nowadays, a new challenge is on everyone's lips: The Metaverse.

Movies such as Ready Player One or Matrix, and video games such as Minecraft or Fortnite, are an overview of what the Metaverse is and how it works: a fictional universe where one can have a second life using avatars which can live and interact with each other. The Metaverse is indeed the result of the combination of "meta" (which comes from the Greek prefix and preposition, which means "after" or "beyond" and when combined with words in English, meta- often signifies "change" or "alteration" as in the words metamorphic or metabolic), and "universe".

To date, there is no legal definition of the Metaverse, as it is a concept still under construction. The opportunities and possibilities are limitless. Although each author and company has developed their own definitions, it appears that the Metaverse is composed of the following three fundamental elements.

- Real-time 3D space simulation: The Metaverse is the combination of virtual reality (representation of real elements in virtual

space) and augmented reality (addition of virtual content in the real world). Unlike cinema, which can offer a 3D viewing or rather a relief, the idea here is to access virtual worlds that integrate the three dimensions of space (height, width and depth).

- Immersion: There are several modes of immersion; the simplest remains the virtual-reality helmet, but it is also possible to use a smartphone or a tablet as a mode of immersion. The objective is to allow our body, or at least an avatar representing us on the screen, to move within the immersion. The key in the Metaverse is that users are active characters, either in a game or in a business meeting – they are not simply viewers. They can actively participate and interact.
- Sharing and persistency: The simulation in the Metaverse must be shared by all connected users and must continue even in their absence. Users are free to join and leave the immersion while respecting the capabilities of the infrastructure supporting the immersion.

Therefore, the Metaverse has huge potential to the extent that some companies have taken over the matter and are actively working on developing it. Indeed, Mark Zuckerberg has high expectations with his company Meta, and Microsoft is also investing massively in it with the acquisition of Activision Blizzard, which specialises in video games, for USD69 million. Moreover, during the Meta Connect 2022 event, Meta and Microsoft announced a partnership, the content of which is still to be determined, but will likely allow users to attend immersive meetings through Microsoft Teams.

The Metaverse is expected to potentially generate more than USD5 trillion in value by 2030; with USD120 billion already invested in 2022. This demonstrates the enormity of this concept and how, in the coming years, companies will need to adapt their offerings or create new possibilities.

The Metaverse involves, among other things, non-fungible tokens (NFTs), a cryptographic asset recorded in a blockchain with a unique identification code. NFTs have been widely discussed in the Art world, notably in relation to questions around their ownership.

Since the Metaverse is a world of non-tangible creations, intellectual property issues are a significant concern. Indeed, elements of the Metaverse in themselves can be protected by copyright, and elements of real life protected by copyright can be included in the Metaverse. Therefore, the main question is how to effectively protect intellectual property in the Metaverse, and especially copyright.

These concerns being new, no law specifically regulates the protection of intellectual property in the Metaverse, but existing copyright laws would apply.

Copyright in the Metaverse

For some authors, the Metaverse has the features of a multimedia creation. Indeed, it encompasses techniques and products allowing the simultaneous uses of different means of reproduction, such as sounds, images, texts, etc. In addition to this, the Metaverse also encompasses online immersion, 3D universe and persistence.

Some features in the Metaverse constitute video game creations, such as Second Life, which

was created in 2003 and is still active. Since the Cryo ruling (decision of the French Supreme Court “*Cour de Cassation*” of 25 June 2009), the French law protects each part of video games in a distributive manner, without recognising the unity of the multimedia work. Therefore, each element can be protected individually in regard to its nature; ie, code, database, script, etc. In that judgment, the court held that, “... a video game is a complex work that cannot be reduced to its software dimension alone, regardless of its importance, so that each of its components is subject to the regime applicable to it according to its nature”.

More generally, any script, music, sound effects, sets and characters in the Metaverse may be protected by copyright, provided that they fulfil the conditions for protection – ie, the condition of originality. French case law has recognised and admitted originality in the creative process of 3D digital creations. Therefore, general rules for copyright will apply to these elements.

In the field of video games, there is also the well-known concept of modding, which consists of a user being able to modify a pre-existing video game in order to create another game while re-using its universe, its history and adding functionalities. These modifications are only legally possible if the initial programmer gives access to its lines of code and agrees to it.

The newly created game could then be qualified as a composite work within the meaning of Article L.113-2 of the French Intellectual Property Code (IPC), if the author of the first work has given his consent and the new version fulfils the originality condition.

Originality would have to be assessed according to the margin of freedom left to the person

modifying the video game, which is generally low. Platforms such as Minecraft Nova Skin, as well as most other platforms, leave, for instance, an unlimited capacity of modification to the user, whereas others prohibit it, for example in the Glyder case, a World of Warcraft's mod, where the users were condemned for infringement, in their failure to comply with the terms of use of the game.

The question of ownership of the works produced can, however, be tricky as it could involve a number of authors and generate diversified works. Some authors have therefore described these composite works as transformative works, when the results are overall original. However, before any qualification, it is advisable to look into the Metaverse general terms and conditions (GTC) to see if the question of ownership is regulated or not, as any violation of these GTC may lead to potential contractual breach or to infringement.

As an example, the Roblox platform has covered the question of the user's ownership. This platform hosts experiments and other content created by users. More specifically, it encourages users to create, develop, modify or contribute to the service and content and presents itself as the place where "experiences are created by players for players". The GTC provides that users own their copyright but are obliged to grant a non-exclusive license to Roblox. The GTC state that, "except for Modified Classic Avatars (as defined below), for any UGC that Creator has ever created or will create and makes available through the Services... (a) between Creator and Roblox or Creator and Users... Creator retains all copyrights that Creator may hold in the UGC... and (b) in consideration of using the Services and Creator's potential to earn Robux, Creator grants Roblox a perpetual, worldwide, non-exclusive, royalty-free right and license (with the right to

sublicense to any person or entity, whether a user of the Services or not) to host, store, transfer, translate...".

As regards NFT, the NFT owner does not hold any intellectual property rights over the work that is the subject of the NFT. Some authors consider that the NFT is not original but should be considered as a certificate of authenticity on which the owner only holds material ownership rights.

Therefore, as the purchase of the NFT and the corresponding file does not entail the transfer of any intellectual property rights, the NFT owner will have to acquire these intellectual property rights from the rights owner through an assignment agreement.

Reproduction of original artworks in the Metaverse

The Berne Convention for the protection of literary and artistic works of 1886 was completed by several treaties including the WIPO Treaty of 1996, which provides in its Article 25 that, "the reproduction right set forth in Article 9 of the Berne Convention and the exceptions thereto apply fully in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form on an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention". Therefore, the prior authorisation of the copyright owner is required to reproduce and store their copyrighted work in any digital environment, including in the Metaverse.

Without consent, any copyrighted material reproduced or integrated in the Metaverse is a copyright infringement. This was the case in the Solid Oak Sketches case. Solid Oak Sketches owned copyright on a basketball player's tattoos. 2K Games, editor of the game NBA 2K reproduced

them without his authorisation. The tattoo artist then filed a lawsuit claiming that the reproduction of his artwork without his authorisation was a copyright infringement under US law.

The United States District Court for the Southern District of New York ruled in favour of the defendant, applying the principle of *minimis* use considering that the use of a small part of the protected artwork was not infringing the law. The Court also considered the implicit licence and fair use principles based on the artistic nature of video games. Although *minimis* use and fair use do not apply under French law, similar solutions may apply depending on whether or not such use falls within one of the exceptions provided by Article 122-5 of the French IPC. This has therefore to be assessed on a case-by-case basis.

Acting against those unauthorised uses can be trickier in some cases due to the infringer's anonymity and the difficulties in locating them, as they could be anywhere in the world. Indeed, VPN connection and the possible application of the General Data Protection Regulation (GDPR) make identification even harder. The internet digital platform through which the infringing work is accessible can be forced to be disclosed under Article 6-II of the LCEN (French Law for trust in the digital economy) and Article 145 of the Civil Code, in order to provide this information for further litigation, but this is supposed to initiate Court proceedings, which could be costly and the results uncertain, especially if it leads to individuals or companies domiciled in foreign countries.

In order to avoid potential actions, it is advisable to secure consent from the legitimate copyright owner before considering using any copyrighted work in the Metaverse, through an assignment or a licence. Under French law, any assignment/licence should be thoroughly drafted, as any

use outside of what was contractually agreed to would be considered as a breach of contract, and/or a potential infringement.

Consequently, if use of a third party's work is contemplated in the Metaverse, it is highly recommended to get specific consent for use in the Metaverse in order to avoid being in breach or infringing.

Indeed, Article 131-6 of the French IPC provides that, "the clause of an assignment that tends to confer the right to exploit the work in a form not foreseeable or not foreseen at the date of the contract must be express and stipulate a correlative participation in the exploitation profits". To date, no court case has been handed down in France on the question as to whether or not the Metaverse was a foreseeable form, but to avoid any doubt on the contract interpretation, an addendum to a copyright assignment agreement should be contemplated. Additional remuneration to the authors for the exploitation of their works in the Metaverse shall also be included.

Recently, the SACEM (the French society of authors, songwriters and music publishers) has concluded an agreement with the French start-up Pianity, a musical marketplace specialised in NFT, in order to set up additional remuneration to the authors for each piece of music that sells in NFT form. The purpose of this agreement is to expand resale rights to such situations.

This demonstrates that companies/authors should (i) take into account the Metaverse in the negotiation of their agreements as laws and case law have not yet contemplated all issues that are arising or will arise in the future, and (ii) be vigilant of any unauthorised use of their works in the Metaverse in order to consider the timing of actions, whenever available.

Contributed by: Karine Disdier-Mikus and Marguerite Senard, **Fiducial Legal By Lamy**

Fiducial Legal By Lamy is a full-service business law firm providing a wide range of expertise, and is highly dedicated to its clients. Founded in 1965, with offices in both Lyon and Paris, Fiducial Legal By Lamy ranks in the top tier of France's leading business law firms and has international reach and expertise. Since its inception, the firm has strived to provide high-quality services in the fields of advice, litigation and ADR. The firm's lawyers provide bespoke

counselling and assistance to claimants and defendants on the implementation of negotiation strategies and action plans spanning a very broad spectrum of core practice areas. Within the firm, the IP team led by Karine Disdier-Mikus advises, counsels, protects and defends clients' intellectual property rights in various sectors. The team is composed of four experienced professionals, highly specialised in intellectual property.

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1. Statute and Treaties

1.1 Copyright Statutes

The Copyright Act 1957 (the “Act”), supported by the Copyright Rules 2013 (the “Rules”), is the governing law for copyright protection in India. The Act and the Rules are easily accessible at copyright.gov.in or go direct to the [Act](#) or the [Rules](#). Apart from the statute, the judicial decisions by the Supreme Court of India and the different state high courts play a significant role in the development of copyright jurisprudence.

1.2 Conventions and Treaties

India is a member of the Berne Convention (1971 text). In addition, India is also a member of the following international conventions on copyright and related rights:

- the Universal Copyright Convention;
- the Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms;
- the Multilateral Convention for the Avoidance of Double Taxation of Copyright Royalties; and
- the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

1.3 Foreign Copyright Holders

The copyright of works of countries mentioned in the [International Copyright Order](#) is protected in India, with the same copyright protection as Indian works.

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

The most significant requirement for copyright protection is “originality”. The word “original”

has not been defined in the Act but it is understood to mean a work that “owes its origin to the author”. The work must originate from the skill and labour of the author and must not be a copy of any other work. Another requirement of copyright protection is the fixation of the work in a tangible form.

The “originality” requirement is applicable to literary, dramatic, musical and artistic works but not to cinematographic films and sound recordings, as the last two are made using the former categories of works. Though there is no express stipulation regarding “originality” in respect of cinematographic films and sound recordings, copyright does not subsist in a cinematographic film if a substantial part of that film is an infringement of the copyright of any other work. Likewise, copyright does not subsist in a sound recording made in respect of a literary, dramatic or musical work if, in making the sound recording, copyright in some other work has been infringed.

2.2 Special Notice and Registration of Works

Acquisition of copyright is automatic, and the right comes into existence as soon as the work is created. However, securing a formal registration is advisable for enforcement purposes because the registration certificate acts as prima facie evidence of ownership of copyright. The Register of Copyrights is prima facie evidence of the particulars entered therein.

The Registrar of Copyrights maintains a list of all registered works and this is available for public inspection.

2.3 Categories of Copyrightable Works

In India, copyright can only subsist in original literary, dramatic, musical and artistic works, and

through them, cinematographic films and sound recordings. No straitjacket definition is given for literary works and it merely states in the Act that literary work includes computer programs, tables and compilations, including computer databases. The definitions of dramatic work and artistic work are also inclusive in nature. Dramatic work has been defined as including any piece of recitation, choreographic work or entertainment in dumb show (eg, mime), the scenic arrangement or acting form of which is fixed in writing or otherwise. Similarly, artistic work is also defined in inclusive terms and states that it means a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, a work of architecture and any other work of artistic craftsmanship. The word “cinematograph” in cinematographic films has also been defined to include any works produced using a process analogous to cinematography. Musical works include graphical notations of music and sound recordings mean a recording of sounds from which such sound may be produced regardless of the medium on which such recording is made or the method by which such sounds are produced.

The law does not recognise non-categorised works and any work can only be protected if it falls into one of the above categories of work. The work needs to be fixed in a tangible medium of expression as the copyright law protects only expressions and not ideas.

2.4 Software

Computer software and programs are treated as literary works and protected under the Copyright Act. For literary work, copyright means the exclusive right:

- to reproduce the work;
- to issue copies of the work to the public;

- to perform the work in public;
- to communicate the work to the public;
- to make a cinematographic film or sound recording in respect of the work;
- to make any translation of the work; or
- to make any adaptation of the work.

In addition to the above rights, the owner of the copyright of a computer program enjoys the right to sell or give it on hire, or offer it for sale or hire, regardless of whether such a copy has been sold or given on hire on a previous occasion. To register computer software, the applicant needs to file the entire source code if it is less than 20 pages. Alternatively, if the source code runs into more than 20 pages, then the first ten and last ten pages of the source code are required.

2.5 Databases

Databases are protected under copyright law as literary works. However, to obtain copyright protection for tables, compilations and computer databases, the work must exhibit some creativity or originality in the selection or arrangement of its contents. If negligible labour and skill were required to make the selection and compile the items that form the work, then no copyright can subsist in the work.

2.6 Industrial Design

Copyright protection for a design may be claimed under the Act if the design qualified to be registered under the Designs Act but was not registered. However, in such cases, protection is limited and expires once the design has been applied to more than 50 articles by an industrial process. The judgment of a division bench of Delhi High Court in *Microfibres Inc v Girdhar & Co* (2009) provides clarity with respect to the conflict between “original artistic work” as defined under the Act and “design” as defined in the Designs Act. It was held that copy-

right would exist in the original work of art and the author or copyright holder would continue to enjoy the longer protection granted under the Act in respect of the original artistic work. The court held that the legislative intent was to grant greater protection to original, purely artistic works (eg, paintings and sculptures) and lesser protection to design activity which is commercial in nature. The protection accorded to a work which is commercial in nature is less than, and not to be equated with, the protection granted to a work of pure art.

3. Authorship and Copyright Ownership

3.1 Authorship

The author, who creates the work, is the first owner of copyright in a work. The first owner for each category of work will be as follows:

- the author/creator in respect of a literary or dramatic work;
- the composer in respect of a musical work;
- the artist in respect of an artistic work (“artistic work” includes a painting, sculpture, drawing, engraving, photograph, work of architecture and any other work of artistic craftsmanship);
- the person taking the photograph in respect of a photograph;
- the producer, in relation to a cinematographic film or sound recording; and
- the person who causes the creation of a work in the case of any literary, dramatic, musical or artistic work which is computer-generated.

Where the work is a public speech or address, the person who delivers such work in public will be the first owner of the copyright therein. However, if such work is made/delivered by a person

on behalf of another person, such other person on whose behalf the work is made or delivered will be the first owner.

3.2 Joint Authorship

In India, the Act recognises the concept of a “work of joint authorship”, which means a work produced by the collaboration of two or more authors in which the contribution of one author is not distinct from the contribution of the other author(s). The courts in India have not yet fully defined and determined what amounts to an active and close intellectual collaboration, which is essential in the case of claiming joint authorship. In the case of *Angath Arts Private Limited v Century Communications Ltd and Another* 2008(3) ARBLR 197(Bom), the High Court of Bombay held that the “joint owner of a copyright cannot, without the consent of the other joint owner, grant a licence or interest in the copyright to a third party”. Furthermore, in the case of a work of joint authorship, all the authors (two or more) must individually satisfy the conditions essential for subsistence of copyright in the work. Joint authors enjoy all the rights granted by the Act, including bringing a suit for infringement and being entitled to relief such as an injunction, damages, account of profits, etc. The term of copyright of a work of joint authorship is calculated in relation to the longest-lived author.

3.3 Anonymous or Pseudonymous Works

When a work is published anonymously or pseudonymously, and the real name of the author remains undisclosed, copyright subsists for 60 years from the year after the work is published. However, if the author’s real name is disclosed within this period, copyright subsists for 60 years from the year after the author dies.

The Act also recognises orphan works. Where the owner of the copyright in a work cannot be found, any person may apply to the commercial court for a licence to publish or communicate such work, or a translation thereof in any language, to the public.

3.4 Collective Works

A collective work is a compilation in which several contributions, constituting separate and independent works in themselves, are assembled into a collective whole. A collective work covers the copyrightable authorship in the selection, co-ordination or arrangement of the work.

3.5 Corporate Authorship

An author needs to be a natural person, which means, a corporation cannot be an author. However, it can be the applicant and owner of the copyright.

There is a difference between the copyright ownership principles pertaining to works created by employees on the one hand and independent consultants/freelance workers on the other hand. In the case of employment contracts (contracts of service), the general rule is that the employer will have copyright in a work created/authored by an employee in the course of employment, unless there happens to be an agreement to the contrary. However, in the case of a work-for-hire contract (contract for services), the copyright in the work generally remains vested with the author/creator of the work, unless the rights are assigned in favour of the commissioner in the form of a written and duly executed document/assignment agreement. However, specifically in the case of a photograph, painting, portrait, engraving or cinematographic film made or created for valuable consideration, the person who has commissioned such work will be the first

owner of the copyright therein (in the absence of any agreement to the contrary).

Parties are free to enter into contracts which determine the ownership of the copyright vested in the work created. In the case of employment contracts, the general principle is that the employer is the owner of the copyright in the case of work created in the course of employment; however, if the employment agreement states otherwise, the agreement takes precedence over the general rule.

In the case of a work made or first published under the direction and control of a public undertaking, such public undertaking will, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

4. Rights Granted to Copyright Owners

4.1 Economic Rights

Section 14 of the Act defines the term “copyright” to mean the exclusive right to do or authorise the doing of the following acts in respect of a work or any substantial part thereof.

In the case of a literary, dramatic or musical work (except a computer program):

- reproducing the work in any material form, which includes storing it in any medium by electronic means;
- issuing copies of the work to the public which are not already in circulation;
- performing the work in public or communicating it to the public;
- making any cinematographic film or sound recording in respect of the work; and/or

- making any translation or adaptation of the work, or doing any of the above acts in relation to translation and adaptation.

In the case of a computer program:

- to do any of the acts specified in respect of a literary, dramatic or musical work; and/or
- to sell or give on commercial rental, or offer for sale or for commercial rental, any copy of the computer program; however, such commercial rental does not apply in respect of computer programs where the program itself is not the essential object of the rental.

In the case of an artistic work:

- reproducing the work in any material form including depiction in three dimensions of a two-dimensional work or in two dimensions of a three-dimensional work;
- communicating the work to the public;
- issuing copies of the work which are not already in existence to the public;
- including the work in any cinematographic film; and/or
- making an adaptation of the work, or doing any of the above acts in relation to an adaptation of the work.

In the case of a cinematographic film:

- making a copy of the film including a photograph of any image forming a part thereof, or storing it in any medium by electronic or other means;
- to sell or give on commercial rental, or offer for sale or for such rental, any copy of the film; and/or
- to sell or give on commercial rental, or offer for sale or for such rental, any copy of the film, regardless of whether such copy has

been sold or given on hire on previous occasions.

In the case of a sound recording:

- to make any other sound recording embodying it, including storing it in any medium by electronic or other means;
- to sell or give on hire, or offer for sale or hire, any copy of the sound recording; and/or
- to communicate the sound recording to the public.

The duration of copyright depends upon the kind of work. The term of protection for different kinds of work is as follows:

- literary, artistic, musical and dramatic works – life of the author plus 60 years from the beginning of the calendar year which follows the year in which the author died;
- sound recording – 60 years from the beginning of the calendar year which follows the year in which the sound recording was published; and
- cinematographic film – 60 years from the beginning of the calendar year which follows the year in which the cinematographic film was published.

4.2 Alienable Rights

Economic rights can be transferred/assigned or licensed.

The owner of the copyright of a work has the right to assign their copyright to any other person. The effect of assignment is that the assignee becomes the new owner of all the rights related to the copyright of the assigned work. The assignment of copyright is valid only if it is in writing and signed by the assignor or their duly authorised agent. The assignment of a copyright

in a work should identify the work and specify the kind of rights assigned and the duration and territorial extent of such assignment. Furthermore, it should specify the amount of the royalty/consideration payable, if any, to the author or the author's legal heirs during the continuance of assignment. The assignment will be subject to revision, extension or termination on terms mutually agreed upon by the parties.

A licence is the authorisation granted by the rights-owner in respect of the usage of a copyrighted work. The owner of a copyright in any existing work or the prospective owner of a copyright in any future work may grant any interest in the right by licence in writing by the owner or by their duly authorised agent. The formalities required for assignment of copyright also apply to licensing of the copyright.

4.3 Transmissible Rights

If the owner of the copyright dies, the economic rights in the copyright are transferred to their legal heirs as per the applicable succession laws in case of intestate succession, or to the identified individual as per the will of the copyright owner.

4.4 Transfer of Rights

See 4.2 Alienable Rights.

There are no minimum age or competency requirements for registering, exercising or transferring rights under the Act. However, the general principles of competency will apply in the case of any contracts for exercising, licensing or transferring/assigning the copyright. Therefore, neither party should be a minor or of unsound mind. The principles of free consent, lawful consideration and lawful object also apply.

4.5 Copyright Exhaustion Doctrine

There are certain recognised circumstances where subsequent dealings in works cannot be restrained by the copyright owner. More particularly, in the case of literary (not being a computer program), dramatic, artistic or musical works, a copy of the work which has been sold even once, or is otherwise already in circulation, cannot be restrained by the copyright owner from being issued to the public. This concept is also referred to as the "principle of exhaustion".

As far as parallel importation is concerned, there has been much debate and deliberation as to whether India should follow the doctrine of "national exhaustion" or "international exhaustion". At the time of writing this chapter, in January 2023, India follows the national exhaustion principle owing to a catena of judgments in this regard.

4.6 Moral Rights

The moral rights of an author are duly recognised and protected under law, whereby an author can claim authorship of a work irrespective of any subsequent assignment of copyright therein. Moreover, these rights serve to protect against any distortion, mutilation, modification or degradation of the work affecting the author's honour or reputation, even after the expiration of the term of copyright, and can thus be exercised also by the author's legal heirs/representatives. Moral rights, which are independent of the author's copyright, can be understood as the author's right to paternity and integrity with respect to the work. These special rights of an author cannot be assigned; however, as to whether the author may waive or relinquish them remains debatable, as the Act does not specifically cover such a scenario. However, in the case of *Sartaj Singh Pannu v Gurbani Media Pvt Ltd and Ors*, 2015, the court observed that if a waiv-

er of moral rights with regard to credit/paternity/authorship is voluntary, the same would not be contrary to public policy and would thus be permissible. As such, waiving a moral right may be permissible on a case-by-case basis, especially if it is not in conflict with public policy.

5. Copyright Management

5.1 Anti-circumvention Right

Section 65A of the Act was introduced in 2012 to effect Article 11 of the WIPO Copyright Treaty.

Section 65A provides that any person who circumvents an effective technological measure applied for the purpose of protecting any of the rights conferred by the Act, with the intention of infringing on such rights, may be punished with up to two years' imprisonment and will also be liable to pay a fine.

However, there is nothing to prevent any person from:

- doing anything referred to therein for a purpose not expressly prohibited by the Act, provided that any person facilitating circumvention by another person of a technological measure for such a purpose shall maintain a complete record of such other person including their name, address and all relevant particulars necessary to identify them and the purpose for which they have been facilitated;
- doing anything necessary to conduct encryption research using a lawfully obtained encrypted copy;
- conducting any lawful investigation;
- doing anything necessary for the purpose of testing the security of a computer system or a computer network with the authorisation of its owner or operator;

- doing anything necessary to circumvent technological measures intended for identification or surveillance of a user; or
- taking measures necessary in the interest of national security.

5.2 Copyright Management Information: Legal Remedies

Section 65B of the Act was introduced in 2012 to effect Article 11 of the WIPO Copyright Treaty.

Section 65B provides that any person may be punished with up to two years' imprisonment and will also be liable to pay a fine, if they knowingly:

- remove or alter any rights management information without authority; or
- distribute, import for distribution, broadcast or communicate to the public, without authority, copies of any work or performance knowing that electronic rights management information has been removed or altered without authority.

If the rights management information in any work is tampered with, the owner of copyright in such work may also use civil remedies against the persons responsible for such acts.

6. Collectives

6.1 Collective Rights Management System

The 1994 amendment to the copyright statute extended the operation of legal provisions relating to collective licensing bodies, called copyright societies, to all rights relating to all domains of works.

Presently, the following four copyright societies are registered in India:

- the Indian Reprographic Rights Organisation (IRRO) for Reprographic (photocopying) works;
- the Indian Singers Rights Association (ISRA) registered for performers' (singers') rights;
- the Indian Performing Rights Society Limited (IPRS) for literary works associated with musical works; and
- the Recorded Music Performance (RMPL) for sound recordings.

The re-registration of Phonographic Performance Limited (PPL) for sound recordings is pending.

Furthermore, the following applications for registration as a copyright society are pending:

- the Cinefil Producers Performance Limited (CINEFIL) for cinematographic films;
- the Screenwriters Association of India (SRAI) for literary works;
- the All India Film Chamber of Commerce to carry on the copyright business of issuing or granting licences in respect of creative works – ie, literary, dramatic, musical and artistic works incorporated in a cinematographic film or sound recording; and
- Pahari Performing Rights Association for registration as a Copyright Society for Musical Work and Literary Work associated with Musical Work.

6.2 Powers and Functions

A copyright society may:

- issue licences in respect of the rights administered by the society;

- collect fees in pursuance of such licences; and
- distribute such fees among copyright owners, after deducting administrative expenses.

6.3 Synchronisation Rights

To obtain a synchronisation right, the interested party will have to obtain a licence from the rights-owners of the musical work as well as the sound recording. The copyright in the musical composition is owned by the composer, while the copyright in the sound recording is owned by the music label/producer.

7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

Section 52 of the Act provides a list of exceptions to copyright. The list is comprehensive and statutory in nature. The complete list of exceptions can be found [here](#).

7.2 Private Copying

Private or personal use, including research, does not constitute an infringement of copyright and is expressly listed as an exception under Section 52(1)(a)(i) of the Act.

7.3 Reproductions: Cultural Goods/Buildings

The Act provides exceptions with regard to reproductions of cultural goods/buildings and the following is permitted:

- the making or publishing of a painting, drawing, engraving or photograph of a work of architecture or the display of a work of architecture;
- the making or publishing of a painting, drawing, engraving or photograph of a sculpture, or any other work of artistic craftsmanship if

such work is permanently situated in a public place or any premises to which the public has access; and

- the inclusion in a cinematograph film of:
 - (a) any artistic work permanently situated in a public place or any premises to which the public has access; or
 - (b) any other artistic work, if such inclusion is only by way of background or is otherwise incidental to the principal matters represented in the film.

7.4 Intermediaries

An exception for intermediaries is given under Section 52(1)(c) of the Act. This section provides that transient or incidental storage of a work or performance for the purpose of providing electronic links, access or integration, where such links, access or integration have not been expressly prohibited by the rights-holder, shall not be considered infringement unless the person responsible is aware, or has reasonable grounds to believe, that such storage is of an infringing copy.

It is further given that if the person responsible for the storage of a copy has received a written complaint from the owner of the copyright in the work, stating that such transient or incidental storage is an infringement, the person responsible for the storage must refrain from facilitating such access for a period of 21 days or until they receive an order from the competent court instructing them to refrain from facilitating access, or where no such order is received before the expiry of 21 days, the person may continue to facilitate such access.

7.5 Satire and Parody

The fair-use defence in India is provided under Section 52 of the Act which stipulates, inter alia, that fair dealing with any work for the purpose

of criticism or review, whether of that work or of any other work, does not constitute infringement of copyright (Section 52(1)(a)(ii)).

It was observed in the Madras High Court in *M/s Blackwood & Sons Ltd v AN Parasuraman* (AIR 1959 Mad 410) that in order to constitute a fair dealing, there must be no intention on the part of the alleged infringer to compete with the copyright holder of the work and to derive profits from such competition and also, that the motive of the alleged infringer in dealing with the work must not be improper.

In view of this, a satire or parody must satisfy two conditions to use the fair-dealing defence:

- the work must not intend to compete with the original work; and
- the satire or parody must not make improper use of the original work.

7.6 Freedom of Speech/Right of Information

Freedom of speech and expression is one of the fundamental rights of the Indian legal system. It has been suitably captured under the Act under various exceptions to Section 52. Indian courts have discussed this issue in several website blocking orders, which are considered to be one of the most successful, cost-effective and proportionate means to address the issue of rogue websites. The Delhi High Court in *UTV Software Communication Ltd v 1337X* held that the extent of website blocking should be proportionate and commensurate with the extent and nature of the infringement. A court should pass a website blocking order only if it is satisfied that the same is “necessary” and “proportionate”. The proportionality principle is used to strike a fair balance between the right to intellectual property on the

one hand, and the right to trade and freedom of expression on the other.

8. Neighbouring Rights

8.1 Neighbouring Rights

The Act provides for broadcasting reproduction rights in favour of broadcasting organisations and the rights of performers over their performances.

8.2 Transferring/Licensing/Sale

Neighbouring rights can be transferred/assigned and/or licensed. The requirements are the same as for the assignment or licensing of copyright, as mentioned in 4.2 **Alienable Rights**.

8.3 Exceptions

Exceptions to copyright (see 7.1 **Fair Use Doctrine/Fair Dealing**) are applicable to neighbouring rights.

9. Infringement and Litigation

9.1 Types of Infringement

A copyright is infringed if a person without appropriate permission or a licence does anything that the owner of the copyright has an exclusive right to do.

This includes, when any person permits (for profit) any place to be used for the communication of the work to the public where such communication constitutes an infringement of the copyright in the work, unless they were not aware and had no reasonable ground to believe that such communication to the public would be an infringement of copyright.

It is also an infringement of copyright if any person:

- makes for sale or for hire, or sells or lets for hire, or by way of trade displays or offers for sale or for hire any infringing copies of the work; or
- distributes either for the purpose of trade any infringing copies of the work or to such an extent as to affect prejudicially the owner of the copyright; or
- by way of trade exhibits any infringing copies of the work in public; or
- imports into India any infringing copies of the work.

9.2 Defences

The following do not constitute infringement:

- any activity that falls under the scope of fair use, or similar provisions such as fair dealing, in any work for private or personal use, including research/criticism or review/reporting of current events or current affairs;
- reproduction of work by a teacher or pupil in the course of instructions;
- reproduction of any work for the purpose of a judicial proceeding or its reporting;
- the reading and recitation in public of reasonable extracts from a published literary or dramatic work; and
- storing of work in any medium by electronic means by a non-commercial public library, for preservation, if the library already possesses a non-digital copy of the work, etc.

Apart from the above, the following is a non-exhaustive list of defences that can be used while defending a claim of infringement:

- challenging the subsistence of copyright – disputing the originality of the work;

- claiming multiple originality by proving that the defendant had no access to the work created by the plaintiff;
- challenging the right of the plaintiff to sue – preliminary objection on maintenance of the suit;
- having the suit/complaint barred by limitation – preliminary objection on maintenance of the suit; and
- claiming no knowledge of the infringement – in the case of a civil action, if the defendant proves that at the time of the infringement they were not aware and had no reasonable ground for believing that copyright subsisted in the work, the plaintiff shall not be entitled to any remedy other than an injunction in respect of the infringement, and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may, in the circumstances, deem reasonable.

Furthermore, in the case of criminal complaints, if the offence is not committed for commercial gain, the extent of the fine/imprisonment may be reduced.

9.3 Proceedings

Rights-holders have access to both civil and criminal remedies under the law to counter copyright infringement. Under civil remedies, the copyright owner can file a suit for infringement and seek both injunction and damages. Under criminal remedies, the rights-holders or the authorised representatives can file an official complaint to the local police authorities informing them of the infringement of their rights, or directly approach the magistrate to file a criminal complaint so that the competent court can direct the police authorities to investigate the matter further.

Additionally, the owner of the copyright or their duly authorised agent may give notice to the customs authorities to suspend the clearance of imported infringing copies of the work. In view of the above, criminal remedies can be considered an alternative to civil actions.

9.4 Jurisdiction

Infringement of copyright proceedings can be instituted before a district court, within the jurisdiction of which, the claimant:

- resides; or
- carries on business; or
- personally works for gain.

In addition, every copyright infringement suit can be instituted in a court within the local limits of the jurisdiction of which:

- the defendant actually and voluntarily resides, or carries on business, or personally works for gain; or
- the cause of action, wholly or in part, arises.

In general, there are no special courts for copyright cases; these are heard by the commercial benches of the courts. In the Delhi High Court, special courts dealing with Intellectual Property cases hear copyright disputes.

9.5 Necessary Parties

Either the copyright holder or an exclusive licensee can sue for copyright infringement. An exclusive licensee can sue for violation of any rights that it holds by virtue of a licence from the original owner of the copyright. Furthermore, only an exclusive licensee or the copyright owner can institute a lawsuit for infringement.

9.6 Third Parties

In civil proceedings, the third parties can be enjoined from using the infringing material, and costs or damages can be awarded. In criminal proceedings, the infringers may be imprisoned and a fine may be imposed. See also **9.10 Remedies and Sanctions**.

9.7 Urgent and Interim Measures

The Indian courts award *ex parte ad interim* injunctions in cases where there is an urgent need to restrain the act of infringement in question. In cases where temporary injunctions are granted, the trinity of a *prima facie* case, irreparable injury and balance of convenience needs to be assessed by the courts.

9.8 Role of Experts

Expert evidence can be given on aspects of foreign law, science, art, identity, handwriting and fingerprints under Section 45 of the Evidence Act 1872. However, Indian courts generally do not demand any expert opinions in copyright infringement cases.

9.9 Counterfeits and Parallel Imports

The Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, enable IP owners to enforce their rights at Indian borders. A notice can be given to the customs authorities to initiate action against importers of counterfeit goods. The period of protection available under customs is five years from the recordation of rights with the customs authorities or upon expiry of the validity of registration of the IP right, whichever is earlier. After five years have expired, the right-holder is required to furnish a fresh notice.

The Indian Copyright Act does not expressly specify the scope of exhaustion, but the Delhi High Court in *John Wiley & Sons v Prahbat*

Chander Kumar Jain (2010) held that the Act can only be taken to mean national exhaustion, thus making parallel imports to India illegal.

9.10 Remedies and Sanctions

The remedies provided against infringement of copyright can be categorised as:

- civil remedies – the copyright owner can seek injunctions, damages, rendition of accounts, delivery and destruction of infringing copies;
- criminal remedies – these include imprisonment, fines, seizure of infringing copies and delivery of infringing copies to the owner; and
- border enforcement – this provides for prohibition of the importation of infringing material.

9.11 Administrative or Criminal Offences

Copyright infringement can constitute an administrative or criminal offence and both administrative and criminal remedies are available to the aggrieved person. Under the administrative step of border enforcement, the copyright owner can seek prohibition of the importation of infringing materials.

Under criminal remedy, the rights-holders or their authorised representatives can file an official complaint with the local police authorities informing them of the infringement of their rights, or they can approach the magistrate directly and file a criminal complaint so that the competent court can direct the police authorities to investigate the matter further.

9.12 Appellate Procedure

In a case where the first instance judgment is passed by a district court, an appeal may be instituted in the High Court. Furthermore, in cases where the first instance judgment is passed by a single judge of the High Court, an appeal may be brought before the Division Bench.

In cases of seizure and disposal of infringing copies, an aggrieved person may, within 30 days of the date of the order of the magistrate, file an appeal in the Court of Session.

9.13 Costs

The cost of litigation is recoverable from the defendants, and the Commercial Courts Act specifically provides the mechanism for payment of costs. However, recovery of costs depends upon several factors, such as the merits of the case, quantum of loss, and evidence submitted before the court, etc.

9.14 Alternative Dispute Resolution

There is an alternative dispute resolution system in the form of mediation between the parties before the copyright infringement suit reaches the court. As per Section 12 of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts (Amendment) Act, 2018, a commercial suit including a copyright infringement suit, having a value of INR300,000 (approximately USD4,150) or more, which does not contemplate any urgent interim relief, will not be instituted unless the plaintiff has exhausted the remedy of pre-institution mediation.

LexOrbis is a premier full-service IP law firm with over 250 personnel, including 120-plus attorneys at its three offices in India in New Delhi, Bangalore and Mumbai. The firm provides business-oriented and cost-effective solutions for protection, enforcement, transaction and commercialisation of all forms of IP in India and globally. It represents clients from a wide range of industries, including automotive, aerospace, biotechnology, computers, chemicals, defence equipment, electronics, IT, software and mobile apps, entertainment, oil and gas, pharmaceuticals, agrochemicals, food and beverages, fashion, sports and publishing. The trade mark

practice attorneys are experienced in partnering with brand owners and advising on the entire journey of the brand, from selection to enforcement. The team works closely with investigators and IP litigators to conduct online and offline investigations and handle contentious trade mark cases; eg, oppositions, cancellation, infringement and passing-off actions. The group also has expert attorneys in related practice areas such as legal metrology, drugs and cosmetics, food safety, e-commerce, data protection, privacy, etc. The firm and its attorneys are members of many international and national IP organisations.

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Trends and Developments

Contributed by:

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Anand and Anand Advocates see p.51

Introduction

This article aims to provide a detailed review of some of the current issues that would have a direct impact on the protection and enforcement of intellectual property (IP).

Personality Rights

Recently, the Honourable Delhi High Court passed an interim order to prevent the unlawful use of name, image, voice and likeness of the legendary Bollywood actor, Mr Amitabh Bachchan. The court also passed a John Doe order.

There have been multiple instances of infringement of personality rights of famous persons in India, in which courts have time and again upheld the sanctity of celebrity status.

The evergreen actor, Mr Shivaji Rao Gaikwad (famously known as Rajnikanth) received a favourable order from the Honourable Madras High Court in a case of infringement of celebrity rights, in which his alias name was used without his consent in the title of a film “Main Hoon Rajinikanth”. The court upheld the importance of protecting pseudonyms as a part of personality rights.

Additionally, in a suit initiated by Mr Arun Jaitley, he successfully received an injunction order against a domain name (www.arunjaitley.com) which was using his name, on the grounds of misuse of his well-known status.

In fact, Mr Amitabh Bachchan, along with Ms Jaya Bachchan, have also previously been victimised by false endorsements and unauthorised

use of their personality by third parties. In a case against a jewellery brand using their respective identities without consent, it was held that their photographs cannot be misused for commercial gains, thereby permanently injunctioning the advertisement.

Previously, Mr Daler Mehndi’s likeness and manner of dressing was identified as unique and protected against a third-party infringer.

The concept of privacy rights of a celebrity was explored further in a suit filed by Ms Phoolan Devi in a dispute against the movie Bandit Queen. A successful order was passed to ensure that she has the right to project her personality on screen in the manner she wishes.

In another example, the authors have also been protecting and enforcing rights against third parties for violating Michael Jackson’s image, likeness and manner of dressing.

Judgments of this nature are critical in ensuring menace of any third-party misuse are controlled.

Protection in Food Presentation

Appearance of dishes and food plating style is also among other aspects of trade dress that can be protected by restaurants if they have earned sufficient reputation to indicate the source of the dish. Whether presentation of food can be protected as a copyright as well, is a question yet to be decided, but there have been cases in other countries where restaurants have claimed exclusive rights on the appearance of their dishes and have tried to prevent third parties from doing the

same. For example, a case involved trade dress infringement of Breakfast at Tiffany's cupcake featuring vanilla cake, blue cream cheese frosting, and silver and white gems. Additionally, recipes may be protected as trade secrets, as they constitute business information that derive value from their secrecy. Currently, there is no specific law in India for trade secrets, but courts have upheld trade secrets protection under various statutes and common law actions based on principles of equity.

Enhancement of Stricter Penalty Under the Copyright Act

There is a strong need to enhance penalties and enhance criminal provisions in light of distribution of illegal copies through electronic means, which is negatively impacting the publication and content-centric industries. Many submissions to this effect have also been made to the government to have the legislation amended.

Counterfeiting and Intermediary Liability

Counterfeit is prevalent in abundance, but is most striking in the world of fashion. The small distinction between imitation and flattery is beginning to narrow. One effective anti-counterfeiting play is to make the intermediary liable. The most effective approach is to target the infrastructure and means used by counterfeiters to supply their products internationally. In this regard, counterfeiters often act through third parties that might not be aware that their services are used for illegal activities. Such third-party engagement renders the liability of intermediaries a cutting-edge matter in IP law worldwide. Intermediaries may include both principal groups: online – ie, e-commerce websites – and offline intermediaries.

Three years ago, Alibaba's inaction dragged it to the court. Gucci and Yves Saint Laurent

didn't spare Alibaba, which had not been taking active steps to curtail the counterfeit menace on its website. The lawsuit cited, for example, an alleged fake Gucci bag offered for USD2 to USD5 each by a Chinese merchant to buyers seeking at least 2,000 units whereas the authentic Gucci bag retails for thousands of dollars.

One of the landmark cases on this front, where certain ground rules were put forth vis-à-vis liabilities of e-commerce platforms and exemptions thereof, was in fact, handled by Anand and Anand. This case was initiated by Christian Louboutin against the online marketplace platform www.darveys.com on which unauthorised and counterfeit products of the Louboutin brand were being sold. The Honourable Delhi High Court, in the matter *Christian Louboutin Sas v Nakul Bajaj & Others* on 2 November 2018, recognised the intermediary liability of such platforms in cases of counterfeiting, in line with the provisions of the Information Technology Act, and passed a favourable order in the name of Christian Louboutin. The court also laid down guidelines for e-marketplaces, such as disclosing information about sellers and showcasing approval of sale from brand owners, and put other allied checks in place to ensure the authenticity of products being sold on the platform concerned.

Likewise, take-down notices need to be strongly adhered to by the intermediaries in case a violation is brought to their attention.

To address the rampant issue of counterfeiting, India came up with the National IPR Policy, which also focuses on promotion and protection of IP.

Cultural Appropriation or Misappropriation and Protection of Traditional Cultural Expressions (TCE)

At least in the world of fashion, appropriation often takes place when a famous designer or fashion house, intentionally or unintentionally, takes elements from another culture and exploits them.

Gucci was called out for offering a floral embroidery organic linen kaftan, which looked a lot like a kurta and was being sold for thousands of dollars. Louis Vuitton was also called out for selling a Kaffiyeh-inspired scarf recently. Nick Jonas came under fire for wearing a Solapur Chadar-based jacket.

While borrowing from cultures is definitely a part of the creative process, when any brand or designer is inspired by traditional craftsmanship, the spirit of cultural appreciation must be championed. The author strongly believes that consent, compensation and credit go a long way in cultural appreciation.

Understanding of any culture must always precede commercial usage. This ensures accuracy in representing the specific culture and avoids hurting any cultural sentiments. Especially in cases of protected GI products coupled with the advent of the digital era, the rights of the registered proprietor must never be overlooked as it may land one in trouble for misrepresentation as well as misappropriation, or it might lead to bad publicity.

A culturally sensitive designer/brand acknowledges the heritage behind their designs and duly credits the culture bearer, both financially and otherwise. While borrowing of cultures is definitely a part of the creative process, one needs to do it in an authentic way rather than dominat-

ing the cultural community. The best practice to ensure this would be to have permission before using any cultural element, be it a motif, silhouette, etc, as part of a design/collection.

In India, a recently released movie, Kantaara, had a central theme of Daiva Narthakas and Bhoota Kola. Bhoota Kola is a unique manner of worshipping and Davis Narthakas are the artists. The state government of Karnataka, to ensure that the practice of Bhoota Kola remained prominent, announced an allowance for the Daiva Narthakas in the state.

Dichotomy Between Design and Copyright Law in India

A very interesting legal technicality exists in India between the protection provided by design and copyright legislation. Any article that has the capability of securing a registration under design law, and of which 50 copies are sold, loses its ability to protect the underlying work under copyright and design law.

In the author's assessment, this dichotomy needs to be resolved and to this effect, many submissions have been made to the relevant bodies in India. In fact, Anand and Anand is currently handling a writ petition filed in the Honourable Supreme Court of India to address this.

A change in the current legislative provisions would very strongly secure the fashion designers and provide them the due protection their creative work deserves.

Damages Culture

This recent trend in the industry in India is one to watch out for. Previously, the quantum of damages was negligible, but the trend has changed in the last decade. Courts are more encouraged to reward damages to aggrieved parties, paving

the way for a more innovation-led ecosystem in the country.

In some cases, bank guarantees are being made along with damages. Moreover, there are examples of damages beyond statutory damages by exemplary means.

Metaverse

A metaverse, built on a blockchain network, offers an open and decentralised ecosystem, useful in creating a transparent, tamper-proof, and secure infrastructure. Moreover, blockchain helps regulate digital collectability of assets, governance, digital proof of ownership, transferring value using crypto and more.

Recognising the importance of protecting IP in the metaverse, many companies globally and in India, have gone ahead and protected their IP attached to it. Protection is important not just for securing your own rights but also to ensure that infringements in the metaverse can be addressed based on the strength and protection in the IP. Licensing opportunities for IP and creation of Terms of Use policies are again IP dependant.

Non-fungible Tokens (NFTs)

Twitter's CEO Jack Dorsey recently sold an NFT of his first tweet for approximately USD2.5 million. Likewise, Mr Amitabh Bachchan's NFT collection was sold for over INR70 million. NFTs have an intricate relationship with IP as, in a transaction, it becomes imperative to structure sale documents to ensure IP is retained by the owner while parting with the NFT of the corresponding IP.

IP enforcement in NFTs is also a reality now with brands such as Hermes and Nike filing suits to protect and enforce their rights in this digital

space. The Hermes lawsuit was the first lawsuit in the world which focused on protection of real-world rights and its extension into a virtual world. The lawsuit is currently pending but the trend clearly suggests an exploration into a previously unknown territory.

Influencer Guidelines

Earlier in 2022, consumer rights were allowed to be statutorily protected against false or misleading advertisements, on the basis of the Consumer Protection Act 2019. The Act indicated that making false or misleading advertisements would be considered as an unfair trade practice. To this effect, the Act mandated the establishment of a Central Consumer Protection Authority (CCPA) to oversee the issue of false or misleading advertisements and advertisements are nothing but IP.

As part of this, CCPA then notified detailed guidelines titled Guidelines on Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022.

The Guidelines, in order to keep a check on misleading or false advertising practices, allowed for levying penalties to the tune of INR10 million on manufacturers, advertisers and endorsers. In cases of subsequent violations, the penalty could go up to INR5 million. The Guidelines also indicate that an endorser can be prohibited from making advertisements for up to one year, which can extend to three years if there is subsequent violation.

Recently, the Department of Consumer Affairs notified guidelines that detail the diligence that celebrities have to exercise while endorsing brands. Previously, the Consumer Protection Act had included clauses which made celebrities liable for misleading claims.

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The new guidelines indicate that celebrities are required to now put their money where their mouth is, implying that celebrities should endorse advertisements which are a reasonable reflection of their opinion.

Now the Indian government has announced that it is creating guidelines to rein in social media influencers to keep misleading advertisements in check. For example, in the US, the Federal Trade Commission has already released guidelines for social media influencers. One of the prominent expected changes in India is that social media influencers will now have to mandatorily disclose if the promotions are sponsored. In the US, the guidelines go a step further and the influencers are also mandated to declare if, over and above any monetary exchange, the influencer has any “material connection” with the brand/product – eg, if the brand has gifted any discounted products or other perks that may incentivise mentions or promotions.

The Competition and Markets Authority (CMA) in the United Kingdom also has such guidelines in place to curb instances of misleading advertising by influencers.

Data Protection

The Information Technology Act 2000 was not able to keep up with the advancement in technology. Data protection is becoming increasingly complicated as the number of devices required to monitor and protect data are expanding daily. Data protection is the process of securing digital information while keeping data usable for business purposes without trading customer or end-user privacy.

India does not have any specific legislation enacted for data protection. In 2020, data breaches resulted mainly due to inadequate data

protection measures being in place. Amazon’s Alexa feature, which allows it to listen to conversations, and the fact that Google can access the healthcare information of millions of people, has alarmed the public.

Since the European Union’s General Data Protection Regulation 2018 was enforced, the Digital Personal Data Protection Bill 2022 was tabled in Parliament. The Bill prescribes compliance requirements for all forms of personal data, broadens the rights given to individuals, introduces a central data protection regulator, as well as institutes data localisation requirements for certain forms of sensitive data.

Online Gaming

A fantasy sport is a type of online game where participants assemble imaginary or virtual teams of real players of a professional sport. These teams compete based on the statistical performance of those players’ players in actual games.

Online fantasy sports gaming is one of the fastest-growing sectors in India today. The proliferation of mobile internet in India, coupled with higher disposable incomes, better 4G speeds and more affordable phones, have enabled people to access all kinds of digital games online. An added advantage is that gaming has been combined with earnings. In fact, the government has recently released draft guidelines for online games.

As a digital platform, online games promote tech investment and entrepreneurship and open up attractive business opportunities. The number of operators is rising, which is not surprising considering there is a large consumer market; users with growing purchasing power and a large pool of young, skilled tech talent.

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Setting up a portal, the technique of playing these games, branding, software interface, commercialisation opportunities etc, are all inter-laced with IP.

Open-Source IP

Nearly all companies use some basic version of open-source software, which is simply software available in the public domain to be used and modified as required. In many cases of open-source software usage, there may also be licence compliance requirements. Simply put, anyone is free to use the software as they please and modify it, but it is subject to certain licence usage requirements.

Collaborative IP

Collaboration and co-created IP offers complementary advantages and enables the creation of a more foundationally strong product when it is created and married on the basis of different strengths and ideas. Each of these contributions offered by multiple people in the creation of the product is their respective IP. In such cases, understandings and agreements need to be structured clearly so that each is able to derive benefit of their own portion of the creativity. Collaborative IP also attracts investments and if the legal understanding between the parties is not captured or structured well, it can have repercussions on investments and valuations, including at the time the parties decide to part ways.

Strong Contracts to Ensure Clear Assignments

It recently came to light that Taylor Swift lost rights to all her songs with a particular record label, as rights to the masters were also assigned in favour of the record label. It thus becomes imperative for all content creators to ensure agreements on assignments are crystal clear.

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Anand and Anand Advocates is one of India's leading law firms, with offices in four of India's major cities – New Delhi, Noida, Chennai and Mumbai. It represents clients on a large number of the most complex and high-value matters across the globe. Most of the firm's key practices have won top industry awards and accolades. Anand and Anand understands the different challenges faced by its clients in the contemporary business environment as a result of technological changes, evolving government

regulations and competitive pressures in the marketplace. The firm believes that the combination of its culture, depth of experience, wide range of expertise, and the quality and energy of its lawyers allows it to offer a very high level of client service. The firm's lawyers are trained to take a commercial perspective on their clients' issues and provide a solution-oriented approach. Anand and Anand provides seamless, resourceful and integrated service across a broad spectrum of practice areas.

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Safir Anand is a senior partner and head of trade marks, commercial and contractual IP at Anand and Anand, with over 25 years of experience in providing inputs on strategy,

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Safir has worked throughout his career to explore facets of monetisation, fine-tuned the concept of "returns of advertising", created industry-level specialisations for the firm, worked with clients' R&D teams for product development and personally created product prototypes; additionally, he recently co-set up a COVID-19 Fund for artisans in the country. He has been recognised by many prestigious forums such as the Financial Times (London), Business World India and Forbes for being an innovative professional.

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Law and Practice

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1. Statute and Treaties

1.1 Copyright Statutes

The Copyright Act (Act No 48 of 1970) is the governing copyright statute. All references to statutes not otherwise specified will be to the Copyright Act of Japan. An [English translation](#) is also available online.

Other principal sources of law are as follows:

- the Act on Registration of Program Works (Act No 65 of 1986);
- the Act on Management Business of Copyright and Neighbouring Rights (Act No 131 of 2000);
- the Act on the Limitation of Liability for Damages of Specified Telecommunications Service Providers and the Right to Demand Disclosure of Identification Information of the Senders (Act No 137 of November 30, 2001); and
- the Act on Prevention of Cam-ripping Motion Pictures (Act No 65 of 2007).

1.2 Conventions and Treaties

Japan is a member of the WTO and a party to all major international treaties, including the following;

- the Berne Convention for the Protection of Literary and Artistic Works (Paris Act);
- the Universal Copyright Convention (Paris Act);
- the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations;
- the WIPO Copyright Treaty;
- the WIPO Performances and Phonograms Treaty;

- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement); and
- the Beijing Treaty on Audiovisual Performances.

1.3 Foreign Copyright Holders

Foreign copyright holders are not required to follow any special steps to secure copyright protection in Japan.

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

The essential elements required for copyright protection are the following;

- the work must be an expression; and
- the work must have a modicum of creativity.

These elements apply to all works. However, the level of creativity required for copyright protection may differ depending on the type of work at issue. For example, works having a utilitarian function (eg, furniture) generally require a higher level of creativity.

2.2 Special Notice and Registration of Works

In accordance with the Berne Convention, a special notice or registration is not required for a work to be protected via copyright.

The Copyright Act provides registration of the following items;

- real name of the author (Article 75);
- date of first publication (Article 76);
- date of creation for a computer program (Article 76-2);

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- transfer or pledge of copyright and neighbouring rights (Article 77); and
- registration of items related to print rights or electronic print rights (Article 88).

Registration of the first three items provides a presumption effect to the veracity of the items. Regarding the transferring of rights, registration of transfer or pledge is necessary for a transferee/pledgee to assert its ownership/pledge against a third party. The same applies for the last item.

The [public register](#) is available online, only in Japanese. There is a specific register for [computer programs](#).

2.3 Categories of Copyrightable Works

Article 10, paragraph 1 of the Copyright Act lists the following categories as examples of copyrightable works:

- novels, scripts, articles, lectures and other literary works;
- musical works;
- choreographic works and pantomimes;
- paintings, engravings, sculptures and other artistic works;
- architectural works;
- maps, and figurative works of a scientific nature, including plans, charts and models;
- cinematographic works;
- photographic works; and
- computer programs.

Compilations and databases are also listed as examples (Article 12 and Article 12-2).

These categories are only examples of copyrightable works, and the list is not exhaustive. The Copyright Act grants copyright protection to works which do not fall under the listed categories,

provided that the work is a creative expression. Copyright protection extends to works that are fixed and those that are not.

2.4 Software

Software (computer programs) can be qualified for copyright protection. There are no special or additional requirements for copyright protection for software.

Software may also be protected by patent or as a trade secret. Patent protection requires that the software be an invention that has novelty and an inventive step (Patent Act Article 29). Trade secret protection requires that the software is managed as a secret, is useful, and is not known to the public (Unfair Competition Prevention Act Article 2, paragraph 6). These protections may be cumulative as long as the requirements for each are satisfied.

2.5 Databases

Databases are qualified for copyright protection as long as creativity exists in the selection or systematic construction of information contained therein (Article 12-2, paragraph 1).

There are no special requirements for copyright protection of databases.

Databases may also be protected by patent, as a trade secret, or by tort law. Trade secret protection requires that the database is managed as a secret, useful and not known to the public. Databases may also be protected under tort theory if a database is used in a manner that unlawfully infringes legally protected interests. These protections may cumulate as long as the requirements for each are satisfied.

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2.6 Industrial Design

Industrial designs can be also qualified for copyright protection (See Article 2, paragraph 2). There are no special requirements for copyright protection under the Copyright Act. However, the majority of lower court precedents have required a higher level of creativity for industrial designs to be protected by copyright.

Industrial designs may also be protected as design patents, as trade dress or against dead copy under the Unfair Competition Act.

These protections may cumulate as long as the requirements for each are satisfied.

3. Authorship and Copyright Ownership

3.1 Authorship

The author is generally identified as the person who creates the work (Article 2, paragraph 1 item 2). The Copyright Act establishes a presumption of authorship if his or her name (or pseudonym) is indicated as the author on the original work, or during the course of providing the work to the public, according to general practice (Article 14).

3.2 Joint Authorship

Joint works are works that are created jointly by multiple persons, and the contribution of each person cannot be separated and used independently (Article 2, paragraph 1 item 12). The elements of joint authorship are:

- the subjective intent to jointly create the work; and
- the joint actions to create the work.

A joint author shall jointly own the copyright to the work (Article 65). A joint owner of copyright

must obtain the consent of the other joint owners in order to:

- assign its interest, or provide its interest as collateral (Article 65, paragraph 1);
- exploit the work by itself; or
- license the exploitation of the work to a third party (Article 65, paragraph 2).

The other joint owners may not refuse to provide consent unless there is a legitimate reason (Article 65, paragraph 3).

On the other hand, a joint owner may file a legal action for injunction or damages against an infringer without consent from the other joint owners (Article 117, paragraph 2).

The joint authors of a work must reach an agreement in order to exercise the moral rights pertaining to the work (Article 64, paragraph 1). Thus, the joint authors must reach an agreement to publish the joint work for the first time, alter the joint work, or display the name of the authors of the joint work. Joint authors may not prevent such agreement from being reached against good faith (Article 64, paragraph 2). However, a joint author may file a legal action for injunction or damages against an infringer without consent from the other joint authors (Article 117, paragraph 1).

3.3 Anonymous or Pseudonymous Works

Japan recognises copyright protection for anonymous or pseudonymous works. As a general rule, the term of protection for anonymous or pseudonymous works is 70 years from first publication (Article 52, paragraph 1).

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However, the term is 70 years from the death of the author for the following cases (Article 51, paragraph 2):

- if 70 years have passed from the death of the author (Article 52 proviso);
- if the pseudonym is commonly identified with that author (Article 52, paragraph 2 item 1);
- if the true name of the author is registered within 70 years from first publication (Article 52, paragraph 2 item 2); and
- if the author publishes the work with their true name displayed as the author with 70 years from first publication (Article 52, paragraph 2 item 3).

The Japanese Copyright Act provides a compulsory licence scheme for the use of “orphan works”. If the copyright holder cannot be reached, even after a considerable effort has been made, one may apply for a “compulsory licence”, which is issued by the Commissioner of the Cultural Affairs Agency. Upon approval of the application, and the deposit of the compensation amount fixed by the Commissioner, one may exploit the work as prescribed under the compulsory licence (Article 67, paragraph 1). The work may be exploited during the review of the application, provided the applicant deposits a collateral (Article 67-2, paragraph 1).

3.4 Collective Works

The Copyright Act protects compilation works, which are works comprised of pre-existing materials selected or arranged in a creative manner (Article 12). The scope of copyright protection for compilation works only extends to the selection or arrangement, and not to the pre-existing materials.

3.5 Corporate Authorship

If the following requirements are satisfied, the work would be a “work for hire”. The corporation would be deemed to be the author of a “work for hire”, unless otherwise provided in contracts, work rules, or other means (Article 15).

- The work is created under the initiative of the corporation.
- The work is created by a person engaged in the business of the corporation.
- The work is created during the course of performance of duties.
- The work is published under the authorship of the corporation (not required for computer programs).

Whether or not the above requirements are met is determined by the degree of direction and supervision exercised by the corporation over the creator of the work.

A corporation and its employee can agree to vest the copyright of a work in the employee even if the work was created in the course of employment. Such agreements do not need to conform to any specified standards. Conversely, an agreement between a corporation and its employee to the effect that the copyright of works to be created will vest in the corporation even if the above requirements are not met may be found void under applicable employment-related regulations, depending on the specific circumstances in each case.

The above rules do not differ with regard to works created for public entities, such as universities.

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4. Rights Granted to Copyright Owners

4.1 Economic Rights

Economic Rights Granted to the Copyright Owner

The following exclusive economic rights are granted to the copyright owner:

- right of reproduction (Article 21);
- right of performance (Article 22);
- right of screen presentation (Article 22-2);
- right of public transmission (Article 23);
- right of recitation (Article 24);
- right of exhibition (Article 25);
- right of distribution (Article 26);
- right of transfer (Article 26-2);
- right of lending (Article 26-3);
- right of translation and adaptation (Article 27);
- rights of the original author in connection with the exploitation of a derivative work (Article 28); and
- right to compensation for private recordings, etc (Article 30, paragraph 2; Article 33, paragraph 2; Article 38, paragraph 5).

Duration of Economic Rights

The duration of economic rights begins from the creation of the work (Article 51, paragraph 1). As a general rule, the term of protection continues until 70 years after the death of the author (Article 51, paragraph 2). More precisely, the protection ends at the end of the year during which such 70 years lapsed.

The exception to this rule according to the type of copyrighted work, or according to the author, are as follows.

- Anonymous or pseudonymous works: in general, 70 years after the work is made public

(Article 52, paragraph 1). See 3.3 Anonymous or Pseudonymous Works.

- Works attributed to an organisation: 70 years after the work is made public (Article 53, paragraph 1).
- Cinematographic works: 70 years after the work is made public (Article 54, paragraph 1).

Non-consensual Termination of Licences and/or Recapture of Rights

The Japanese Copyright Act does not provide non-consensual termination of licences and/or recapture of rights.

4.2 Alienable Rights

Economic rights and neighbouring rights are alienable through mutual agreement in whole or in part (Article 61, paragraph 1; Article 101-2; and Article 103).

A copyright owner may transfer each individual subdivided right (such as the right of reproduction, right to adaptation, or the right to public transmission) or the entire “bundle of rights” of the work as a whole. It should be noted that the right of translation or adaptation (Article 27), and the right of an original author in connection with the exploitation of derivative works (Article 28) are presumed to be excluded from the scope of transfer unless said rights are explicitly referred to in the transfer agreement (Article 61, paragraph 2). A copyright owner may also limit the transfer of economic rights to a work for a limited time period (ie, a transfer lasting three months), and/or limited to the transfer within a certain jurisdiction (ie, transfer of right to reproduction within Japan). Registration of transfer is necessary for a transferee to assert its ownership against a third party, such as the one who also alleges to be a transferee (Article 77).

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4.3 Transmissible Rights

Economic rights and neighbouring rights are transmissible upon death. The succession is to be governed by any wills, and the rules of inheritance under the Japanese Civil Code. Registration of transfer is necessary even in the case of inheritance for a transferee to assert its ownership against a third party, such as the one who also alleges to be a transferee (Article 77). If there are no successors according to the Civil Code, the economic right will expire (Article 62, paragraph 1 item 1).

4.4 Transfer of Rights

Under the Japanese Civil Code, minors (previously persons under the age of 20, and since 1 April 2022, those under the age of 18), will require the consent of their parent or legal guardian to exercise their legal rights or to enter into a valid contract (Japanese Civil Code Article 4; Article 5, paragraph 1).

Under the Japanese Civil Code, exercise or transfer of rights by persons with limited mental capacity may be rescinded by their legal guardian, or require consent from legal guardians to be legally valid (Japanese Civil Code Article 9; Article 17).

Minors and persons with limited mental capacity are required to be represented by a statutory agent, unless otherwise permitted under the Civil Code (Japanese Code of Civil Procedure Article 31).

Copyright transfer contracts can be either in writing or oral. It should be noted that if a copyright transfer contract does not explicitly state the rights of translation and adaptation (Article 27) and the rights of original author in the exploitation of a derivative work (Article 28) as the object of the transfer, these rights are pre-

sumed to be reserved to the transferor (Article 61, paragraph 2).

4.5 Copyright Exhaustion Doctrine

The Copyright Act provides that distribution rights for works excluding cinematographic works (“Right of Transfer”) are exhausted by the first authorised transfer by the copyright holder, or other specified transfers set forth (Article 26-2, paragraph 2). Right of Transfer to works that have been transferred outside Japan without prejudice to rights equivalent to the “Right of Transfer”, or through a transfer authorised by the rights holder will also be exhausted (Article 26-2, paragraph 2 item 5).

With regard to cinematographic works, there is no statutory provision prescribing an exhaustion. However, in relation to video games cassettes, which were categorised as cinematographic works, the Supreme Court held that the rights to control the distribution of such works (“Distribution Rights”) are exhausted after the first authorised sale of the copy of the original work (Supreme Court Decision on 25 April 2002). There are other lower cases which opined similarly in relation to video cassettes or DVDs of cinematographic works.

4.6 Moral Rights

Moral Rights Under Japanese Copyright

The Copyright Act grants the following moral rights to the author of the copyrighted work.

Right to make a work public

The author has the right to make available or present a work to the public for the first time (Article 18, paragraph 1).

The author is presumed to have consented to making the work public in the following cases:

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- if the author transfers the copyright to a work not yet made public;
- if the author transfers the original piece of an artistic or photographic work not yet made public; and
- if the copyright to an author's cinematographic work vests in the producer by operation of Article 29 of the Copyright Act.

Furthermore, the right is restricted in certain cases where harmonisation with information disclosure laws and regulations become necessary (Article 18, paragraphs 4 and 5).

Right to attribution

The author has the right to display the true name or a pseudonym as the author's name when the original copy of a copyrighted work (or any reproductions of the original work) is made available or presented to the public (Article 19, paragraph 1). If the author has already made such a display, the user of a work may display the name of the author in the same manner, unless the author has manifested otherwise (Article 19, paragraph 2).

The name of the author may be omitted if the omission is unlikely to harm the interest of the author in claiming authorship, in light of the purpose of the work and the circumstances of its exploitation, provided that the omission is compatible with fair practices (Article 19, paragraph 3). Similarly to the right to make public, the author's name can be omitted in certain cases where harmonisation with the information disclosure laws and regulations are necessary (Article 19, paragraph 4).

Right to integrity

The author has the right to preserve the integrity of the copyrighted work and its title from any alteration, removal, or other modification that is

contrary to the author's intent (Article 20, paragraph 1). The Copyright Act provides the following limited statutory exceptions (Article 20, paragraph 2 items 1 to 4).

- modification that is unavoidable for school education purposes, if the copyrighted work is used under the statutory exceptions for such purposes;
- modification of an architectural work by means of extension, rebuilding, repair or remodelling;
- modification necessary to make a computer program work compatible with a particular computer, or to use a computer program work more effectively; and
- modification that is unavoidable in light of the nature of the work and the purpose and circumstances of its exploitation.

Duration

Moral rights of the author subsist upon the creation of the copyrighted work. They do not require any formalities such as registration. As a general rule, moral rights are extinguished by the death of the author.

However, the Copyright Act grants post-mortem protection to a limited extent by prohibiting acts that would be prejudicial to the author's moral rights if the author was still alive (Article 60). This does not apply if such conduct is found not to be in conflict with the author's will in light of the nature and extent of the act, as well as changes in social circumstances and other conditions.

If the act is found to be in violation of the post-mortem rights, a surviving family member (a spouse, child, parent, grandchild, grandparent or sibling) of the author may file an injunction or other relief (Article 116).

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Moral Rights Are Not Alienable

In Japan, moral rights are not alienable (Article 59). Moral rights are based in the personhood of the author and therefore inseparable from the author. Thus, when entering into a copyright transfer agreement, it is important for a transferee to insert a clause which restricts the author as the transferor from exercising his/her moral rights against the transferee or third parties such as those designated by the transferee.

Moral Rights Are Not Transmissible upon Death

As explained, moral rights are extinguished upon the death of the author. Thus, moral rights will not be inherited. However, the Copyright Act provides limited rights to surviving family members beyond the death of the author.

5. Copyright Management

5.1 Anti-circumvention Right

In accordance with Article 11 of the WIPO Copyright Treaty, the Copyright Act deems circumvention of “Technological Measure for Restriction of Exploitation” as infringement of copyright, print rights or neighbouring rights (Article 113, paragraph 6). A “Technological Measure for Restriction of Exploitation” is defined as electronic or magnetic means to restrict a work from being viewed or listened to, or from being executed on a computer if the work is a computer program (Article 2, paragraph 1, item 21). Under this clause, the rights holder will be entitled to injunction, damages or other remedies granted under the Copyright Act.

5.2 Copyright Management Information: Legal Remedies

In accordance with Article 12 of the WIPO Copyright Treaty, the Copyright Act deems the follow-

ing acts to “rights management information” as infringement of copyright, print rights or neighbouring rights (Article 113, paragraph 8):

- the intentional addition of false information as rights management information;
- the intentional removal or alteration of rights management information (excluding when it is due to technological constraints involved in the conversion of recording or transmission methods and any other case in which it is found to be unavoidable in light of the purpose and circumstances of the exploitation of the work or performance); and
- the distribution, importation, or possession for the purpose of distribution, of copies of a work or performance with the knowledge that an act in the preceding two items has been carried out on such work or performance, or the transmission to the public or making available for transmission of such work or performance with knowledge of such an act.

“Rights management information” is defined as information regarding a work or performance which falls under the following (Article 2, paragraph 1 Item 22):

- information that identifies the work or performance, the owner of the copyright or neighbouring rights and any other details that are specified by Cabinet Order;
- information on the terms and conditions of exploitation, if exploitation of the work or performance is authorised; and
- information that enables a person to identify the details referred to in the two points above by collating with other information.

Under this clause, the rights holder will be entitled to injunction, damages or other remedies granted under the Copyright Act.

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6. Collectives

6.1 Collective Rights Management System

Japan has a collective rights management system governed by the Act on Management Business of Copyright and Neighbouring Rights (Act No 131 of 2000, the “Copyright Management Business Act”). The Japanese system allows the existence of several collective rights management societies as long as they register with, and submit the management rules to, the Cultural Affairs Agency pursuant to the Copyright Management Business Act.

Musical Works and Recordings

- Japanese Society for Rights of Authors, Composers and Publishers (JASRAC); and
- Recording Industry Association of Japan (RIAJ).

Literary Works, Including Novels and Scripts

- Japan Writers’ Association;
- Writers’ Guild of Japan (WGJ); and
- Japan Writers Guild (JWG).

Publishing

- Japan Reproduction Right Center (JRRC); and
- Japan Publishers Copyright Organization (JCOPY).

Artistic Works

- Japan Artists Association (JAA); and
- Japanese Society for Protecting Artists’ Rights (JASPAR).

Photographic Works

- Japan Photographic Copyright Association (JPCA).

Performances

- Centre for Performers’ Rights Administration (CPRA).

Under the Japanese system, the rights owners entrust their rights to the collective rights management bodies, to be managed and exploited. Collective rights management bodies can manage copyright and neighbouring rights, but not moral rights of the author or the performer. Thus, a separate consent from the moral rights holder will be necessary if the contemplated use involves the use of moral rights.

6.2 Powers and Functions

Under the Copyright Management Business Act, the collective rights management bodies have the power to license the work and collect royalty payments, and to take necessary measures to protect the copyright associated with the work. The specific conditions on the powers of the collective rights management bodies will be determined by the management rules of each body, and the terms of the entrustment contract with the rights holder.

For example, JASRAC licenses the use of musical works in accordance with its management rules, which includes a very detailed royalty rate formula. JASRAC collects the royalty amount due, and distributes the amount in accordance with the entrustment agreement with the rights holder. As JASRAC holds the legal title to the copyright (albeit within the terms of the entrustment agreement), it may seek relief against copyright infringement in its own name, such as filing for injunctions and/or damages.

Collective rights management bodies have functioned to promote the efficient licensing of copyrighted works, and enforcement of rights thereof.

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6.3 Synchronisation Rights

In Japan, synchronisation rights are included in the broader concept of reproduction rights. The Japanese Copyright Act does not recognise synchronisation rights as independent and separate rights.

7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

The Japanese system establishes a list of exceptions to copyright, which is similar to the approach of “fair dealing”. The exception list is comprehensive, and is set forth in Articles 30 to 50 of the Copyright Act. However, in recent years, the list has expanded considerably to adapt to the spread of internet technologies. In particular, the amendment to the Copyright Act in 2018, which was further amended in 2020, introduced a number of statutory exceptions, including open-ended requirements, and balancing of factors similar to the approach of “fair use”.

A selected list of the important statutory exceptions, including the 2018 amendment, are as provided below.

Reproduction for Private Use

Article 30 of the Copyright Act provides a narrow exception for the reproduction of copyrighted works. See 7.2 Private Copying.

Quotation

Article 32, paragraph 1 of the Copyright Act provides an exception for use of copyrighted works by quoting, provided that the quotation is consistent with fair practices, and within the scope justified by the purpose of news reporting, critique, study, or other use.

Due to the open-ended language of this exception, lower courts have attempted to establish a clear and concrete requirement.

Past court decisions required the following two requirements for this exception to apply (eg, Supreme Court decision on 28 March 1980):

- the quoted work can be clearly distinguished from the work using the quotation; and
- the quoted work is ancillary in relation to the work using the quotation.

However, there have been recent lower court decisions adopting a more holistic approach, which balances several factors, such as the purpose of use, the amount of the work being used, the nature of the use and the impact on the interest of the copyright holder (eg, Intellectual Property High Court decision on 13 October 2010).

Exploitation Without the Purpose of Enjoying the Thoughts or Sentiments Expressed in a Work

Article 30-4 of the Copyright Act introduced in 2018 provides an exception for the use of copyrighted works which are not for the purpose of appreciating the expressive content contained therein, except for cases where the interests of the copyright owner are unjustly harmed. The rationale for this exception is that such use would usually not prejudice the interest of the copyright owner. A non-exhaustive list provided for is as follows:

- use in tests to develop or put into practice technology related to audio or visual recording, or other such exploitation;
- use in data analysis (meaning the extraction, comparison, classification, or other analysis of the constituent language, sounds, images, or other elemental data from a large number

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- of works or a large volume of other such data); and
- use in computer data processing or other use without appreciation of the expressive content by human senses, other than those set forth in the preceding two items.

In order to ensure flexibility, Article 30-4 provides a catch-all clause in the third item, and does not restrict the method of use. However, it seeks to safeguard the interests of the copyright holder by removing “cases where the interests of the copyright owner will be unjustly harmed” from the scope of the exception.

An example of this exception is the use of copyrighted works to create a machine learning data set for the development of artificial intelligence.

Exploitation of Works Incidental to the Exploitation of Works on a Computer

Also introduced in 2018, Article 47-4, paragraphs 1 and 2 provide exceptions to use of copyrighted works for smooth or efficient use in computers:

- reproduction as cache in electronic computers;
- reproduction by server administrators to prevent transmission failure;
- reproduction for information processing required for preparation of network transmission;
- temporary reproduction for maintenance and repair of devices with built-in memory;
- temporary reproduction for replacement of devices with built-in memory; and
- reproduction for backup in preparation for loss of server.

This exception also seeks to balance flexibility with the protection of the interests of the copyright holder, by not limiting the method of use

but removing cases where it unjustly harms the interests of copyright holders from the scope of exception.

An example of this exception is creating a cache of a copyrighted images to accelerate the processing through computer networks, and the temporary replacement of music files in the memory of another recording medium.

Minor Exploitation Incidental to Computerised Data Processing and the Provision of the Results Thereof

Introduced in 2018, Article 47-5 provides that an entity that creates new knowledge or information by information processing using an electronic calculator (limited to those who comply with the standards specified by Cabinet Order) for the purpose of conducting the following services may, as far as it is deemed necessary and incidental to the provision of the results of such processing, use a copyrighted work for minor use, regardless of the manner:

- location search services;
- information analysis services; and
- other than those set forth in the two points above, any act of creating new knowledge and information through information processing by electronic computers as specified by Cabinet Order as contributing to the advancement of public benefit.

However, these exceptions shall not apply to cases where it unjustly harms the interests of copyright holders.

A key feature in Article 47-5 is the introduction of the concept of “minor use”, which is subject to broad interpretation. Whether a use would fall under “minor use” would depend on various factors, including the proportion and quantity of

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the copyrighted work used, and the granularity of the display for images. Another key feature is that cabinet orders will determine the applicable entity and the applicable acts. Any novel needs appropriate for the purpose of this article may be addressed by further expanding the scope of the exception by Cabinet Order.

An example of this exception is “book search service”, which would conduct word searches within the text of books and retrieve bibliographic information, the location of information and a snippet of the text.

7.2 Private Copying

Reproduction for “Private Use”

Article 30, paragraph 1 of the Japanese Copyright Act provides an exception to copyright for reproduction for “private use”, which is defined as personal use, family use, or any other use of a similarly limited scope.

The following uses are excluded from the scope of this exception:

- reproduction by an “automated duplicator” (ie, a copying machine) which is available to the public;
- reproduction by circumvention of “Technological Protection Measures” (ie, a “copy-guard”); and
- reproduction of a copyrighted work received through illegal public transmission, with the knowledge of the illegal public transmission.

The copyrighted work may be adapted, translated, or altered during the course of the reproduction for “private use” (Article 47-6, paragraph 1 item 1). However, if the copy is distributed or made available to the public for purposes other than “private use”, the reproduction would re-

actively be deemed as illegal (Article 49, paragraph 1 item 1).

In 2020, the Copyright Act was amended to remove knowingly downloading illegally uploaded copyrighted works from the scope of this exception (Article 30, paragraph 1 item 4). The amendment came into effect on 1 January 2021.

Other Exceptions

Other than the exceptions explained above, the Copyright Act provides the following limited exceptions for copying which could be characterised as private use:

- reproduction in libraries and similar facilities (Article 31; see “Exceptions Introduced by the Amended Copyright Act in 2021” below);
- reproduction in schools and other educational institutions (Article 35); and
- reproduction by the owner of a copy of a work of computer program (Article 47-3, paragraph 1).

Exceptions Introduced by the Amended Copyright Act in 2021

The Japanese Copyright Act was amended in May 2021 (the promulgation date is 2 June 2021), introducing the following exceptions to copyright.

First, in order to promote internet live streaming businesses in Japan, the amended Japanese Copyright Act introduced the concept of “simultaneous broadcast distribution” and aligned their treatment with the existing broadcast-related rights regime (Articles 34, 38, 39, 40, 44, 93). These amendments have taken effect from 1 January 2022, with a follow-up scheduled within three years thereafter.

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Second, to address the rising demand for digitisation of libraries under physical restrictions imposed by the COVID-19 pandemic, the amended Copyright Act introduced statutory exceptions (i) to allow the National Diet Library to digitally transmit materials that are difficult to obtain (for example, out-of-print resources) to registered users and (ii) to allow certain libraries to digitally transmit extracts of published works by email to users for research and study, subject to the payment of compensation (Article 31). The amendment (i) came into effect from 1 May 2022, and the amendment (ii) will come into effect as of the date specified by a Cabinet Order within two years from the said promulgation date (ie, 2 June 2021).

7.3 Reproductions: Cultural Goods/ Buildings

Article 46 of the Copyright Act provides an exception to copyright for the use of an artistic work where the original copy is installed outdoors (ie, a sculpture in a public park, etc), or an architectural work, unless the use falls under any of the following:

- producing additional copies of a sculpture or making those additional copies available to the public by way of transfer;
- reproducing an architectural work through construction, or making copies of the reproduced architectural work available to the public through transfer;
- reproducing a work for permanent instalment in an outdoor location; and
- reproducing an artistic work for purpose of sales, or sales of those copies.

7.4 Intermediaries

The Provider Liability Limitation Act establishes a “notice and take-down” exception to copyright for activities carried out by intermediaries

such as internet service providers. The Provider Liability Limitation Act is loosely modelled on the Digital Millennium Copyright Act of the United States. It seeks to limit the potential liability owed to copyright holders, and also potential liability owed to distributors of infringing content by “taking down” the alleged infringing content.

Article 3, paragraph 1 of the Provider Liability Limitation Act provides that a “specified telecommunications service provider” (ie, ISPs) shall not be liable for damages to the copyright holder which was caused by the distribution of content, unless it was technically possible to block the distribution, and falls under any of the following:

- it knew that distribution of content infringed the copyright of the copyright holder;
- it knew the distribution of content, and there are reasonable grounds to find that it could have known that the content was infringing; or
- the infringing content was distributed by the “specified telecommunications service provider” itself.

Article 3, paragraph 2 of the Provider Liability Limitation Act provides that a “specified telecommunications service provider” shall not be liable for damages to the distributor which was caused by blocking the distribution of the content, if:

- there are reasonable grounds to believe that the content was infringing; and
- the distributor fails to respond within seven days to an inquiry from the “specified telecommunications service provider”, whether to comply with a takedown request from the copyright holder.

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7.5 Satire and Parody

The Japanese Copyright Act does not provide a statutory exception to copyright for satire and/or parody. Although there have been several cases arguing for an exception to copyright for satire and/or a parody use, the Japanese courts have repeatedly refused to establish such an exception.

The Supreme Court of Japan held that a photographic montage which was intended as a satirical commentary on automobile-related pollution infringed the moral right (the right to integrity) of the photographer (Supreme Court decision on 28 March 1980).

7.6 Freedom of Speech/Right of Information

In Japan, freedom of speech and the right to information disclosure is addressed by incorporating these interests into the statutory exceptions to copyright protection, as further described below.

Freedom of Speech

Quotation (Article 32)

See 7.1 Fair Use/Fair Dealing.

Reprinting of editorial commentary on current affairs (Article 39)

Editorial commentaries printed and published in a newspaper or a magazine may be reprinted in another newspaper or magazine, broadcasted, or publicly transmitted, unless such use is expressly prohibited (Article 39, paragraph 1). Such broadcasted, cablecasted, or publicly transmitted editorial commentary can be communicated to the public through a receiver (Article 39, paragraph 2).

Exploitation of political speeches (Article 40)

Political speeches and other statements delivered to the public can be exploited in any manner, except for making a compilation of speeches or statements by the same author (Article 40, paragraph 1). If it is found to be justifiable for the purpose of news reporting, public speeches or other public statements made at national or local government agencies can be printed in a newspaper or a magazine, broadcast, or cablecast, or publicly transmitted (Article 40, paragraph 2).

Right of Information

Use of government-created works

Copyrighted works created by the government for public relations purposes may be reprinted in newspapers, magazines or other printed publications, unless expressly prohibited (Article 32, paragraph 2).

Reporting of current events (Article 41)

Copyrighted works that comprise a current event, or those that are seen or heard during the course of news reporting, may be reproduced or used for legitimate news reporting purposes (Article 41).

Exploitation for disclosure pursuant to the act on access to administrative organs' information and other provisions (Article 42-2)

Copyrighted works may be used as necessary to disclose information to the public under the applicable information disclosure laws and regulations (Article 42-2).

Other Human Rights

Reproduction in order to prepare a large-print textbook (Article 33-3)

Copyrighted works printed in school textbooks may be reproduced with enlarged letters, illustrations, and adaptation necessary for use by

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children with disabilities (Article 33-3, paragraph 1).

Reproduction for persons with visual and vision-related impairments (Article 37)

Copyrighted works which have been made available to the public can be reproduced in Braille (Article 37, paragraph 1). Braille data of such works may be recorded on a medium or publicly transmitted (Article 37, paragraph 2). Such copyrighted works may be recorded onto an audio tape to be leased to persons with visual impairments by designated facilities (Article 37, paragraph 3).

Reproduction for persons with hearing impairments (Article 37-2)

Copyrighted works which have been made available to the public can be used to the extent necessary by designated businesses promoting the welfare of persons with hearing impairments (ie, creating subtitles or inserting subtitles onto images).

8. Neighbouring Rights

8.1 Neighbouring Rights

Performers

Performers enjoy the following neighbouring rights for 70 years from the performance (Article 101, paragraph 1 and 2).

Neighbouring rights

- Sound recording and visual recording rights (Article 91).
- Broadcasting and cablecasting rights (Article 92).
- Right to make available for transmission (Article 92-2).
- Right of transfer (Article 95-2).
- Right to lease (Article 95-3).

Moral rights

- Right of attribution (Article 90-2).
- Right to integrity (Article 90-3).

Remuneration rights

- Remuneration rights for use of cablecast of broadcast performances (Article 94-2).
- Remuneration rights for secondary use of commercial phonograms (Article 95, paragraph 1).
- Remuneration rights for use of rentals of commercial phonograms (Article 95-3, paragraph 3).
- Remuneration rights for compensation of private audio/visual recording (Article 102, paragraph 1; Article 30, paragraph 2).

Producers of Phonograms (Record Producers)

Record producers enjoy the following neighbouring rights for 70 years from the recording (Article 101, paragraph 1 item 1, and Article 101, paragraph 2 item 2).

Neighbouring rights

- Right of reproduction (Article 96).
- Right to make available for transmission (Article 96-2).
- Right of transfer (Article 97-2, paragraph 1).
- Right to lease (Article 97-3, paragraph 1).

Remuneration rights

- Remuneration rights for secondary use of commercial phonograms (Article 97, paragraph 1).
- Remuneration rights for use of rentals of commercial phonograms (Article 97-3, paragraph 3).
- Remuneration rights for compensation of private audio/visual recording (Article 102, paragraph 1, Article 30, paragraph 2).

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Broadcasters

Broadcasters enjoy the following neighbouring rights for 50 years from the broadcast (Article 101, paragraph 1 Item 3, and Article 101, paragraph 2 item 3):

- right of reproduction (Article 98);
- broadcasting and cablecasting rights (Article 99);
- right to make available for transmission (Article 99-2); and
- right to communicate television broadcasts to the public (Article 100).

Cable Broadcasters

Cable broadcasters enjoy the following neighbouring rights for 50 years from the cable broadcast (Article 101 paragraph 1 item 4; Article 101 paragraph 2 item 4):

- right of reproduction (Article 100-2);
- broadcasting and cablecasting rights (Article 100-3);
- right to make available for transmission (Article 100-4); and
- right to communicate cable television broadcasts to the public (Article 100-5).

8.2 Transferring/Licensing/Sale

Neighbouring rights can be transferred, licensed or sold in whole or in part (Article 61, paragraph 1; Article 103). Remuneration rights can be transferred or sold. The moral rights of the performer cannot be transferred, licensed or sold (Article 101-2).

Japan does not require a specific type of contract to transfer or sell neighbouring rights and remuneration rights, or to license neighbouring rights.

8.3 Exceptions

Almost all of the statutory exceptions for copyright apply to neighbouring rights (Article 102, paragraph 1).

9. Infringement and Litigation

9.1 Types of Infringement

Unauthorised exploitation of a copyrighted work under any of the exclusive rights explained in **4.1 Economic Rights**, **4.6 Moral Rights**, or **8.1 Neighbouring Rights** are considered to be infringement.

The following acts are also deemed to constitute infringement of copyright, moral rights or neighbouring rights:

- importing an infringing item for the purpose of distribution in Japan (Article 113, paragraph 1 item 1);
- committing any of the following acts regarding infringing items with knowledge of infringement; distributing, possessing for the purpose of distributing, offering to distribute, export in the course of business, possession for the purpose of exporting (Article 113, paragraph 1 item 2);
- providing hyperlinks to facilitate the use of infringing content through “leech sites” and “leech apps”, which are websites and apps for such use (Article 113, paragraph 2 item 2A and 2B);
- knowingly using an illegal copy of a computer program on a computer for business purposes (Article 113, paragraph 5);
- circumvention of “Technological Measure for Restriction of Exploitation” (Article 113, paragraph 6), see **5.1 Anti-circumvention Right**;
- distributing command code to be used for circumvention of “Technological Measure for

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Restriction of Exploitation” or “Technological Protection Measures” (Article 113, paragraph 7);

- alteration of “Rights Management Information” (Article 113, paragraph 8), see 5.2 **Copyright Management Information: Legal Remedies**;
- knowingly importing, possessing, and distributing commercial sound recordings intended for distribution outside Japan, provided that the domestic distribution unreasonably harms the interest of the copyright or neighbouring rights holder (Article 113, paragraph 10); and
- exploitation of a work in a way that is prejudicial to the honour or reputation of the author (Article 113, paragraph 11).

9.2 Defences

The following defences are available against infringement claims.

Lack of Copyright Protection

Defendants may raise the lack of copyright protection as a defence. Common reasons for this defence would be either the alleged infringed work is only an idea or fact which is not protectable by copyright, or the alleged infringed work lacks the requisite level of creativity.

Lack of Reliance on Copyright Work

In order to find an infringement of economic rights such as reproduction rights and adaptation rights, the right holder needs to show that the defendant has “relied on” the allegedly infringed copyrighted work. In this connection, the defendant may raise the lack of this requirement as a defence, arguing, for example, that he/she has created the allegedly infringing work independently from (or without reference to) the plaintiff’s work.

Lack of Standing

Defendants may raise lack of standing as a defence against plaintiffs who are not the owner of copyright, moral rights or neighbouring rights. For further details on the ownership of these rights, see 4.2 **Alienable Rights**, 4.3 **Transmissible Rights**, 4.6 **Moral Rights** and 8.2 **Transferring/Licensing/Sale**.

Licence

Defendants may raise a licence defence as a complete defence. Licences may be exclusive or non-exclusive, written or oral, express or implied. A licence is valid even against a party which is assigned a copyright or neighbouring right after the licence was granted regardless of the assignee’s awareness of the licence at the time of assignment, as long as the assignment took effect on or after 1 October 2020.

For further details on licensing see 4.2 **Alienable Rights** and 8.2 **Transferring/Licensing/Sale**.

Statutory Exceptions

Defendants may raise any of the applicable statutory exceptions as defence to copyright, moral rights, and neighbouring rights as set forth in the Copyright Act. For further details of the statutory exceptions see 4.5 **Copyright Exhaustion Doctrine**, 7. **Exceptions to Copyright**, and 8.3 **Exceptions**.

Expiry of Copyright Term

Defendants may raise the expiry of the copyright protection term as a defence. See 4.1 **Economic Rights** and 8.1 **Neighbouring Rights**.

Statute of Limitation for Damages or Unjust Enrichment Claims

Defendants may raise a statute of limitation defence against damages claims. The statute of limitation for damages caused by copyright

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infringement (which is classified as a tort) is either three years from when the victim (right holder) came to know of the damage and the infringer, or 20 years from infringement (Japanese Civil Code Article 724).

The statute of limitation for a claim to return unjust enrichment, which corresponds to reasonable royalty that an unauthorised user of a copyrighted work should have paid, is either five years from when the copyright holder came to know of the unauthorised user and its use, or ten years from the unauthorised use (Japanese Civil Code Article 166, paragraph 1).

9.3 Proceedings

Copyright holders may pursue infringement claims in the civil court proceedings pursuant to the Code of Civil Procedure of Japan. Copyright holders may choose either or both of a lawsuit on the merit and/or a request for preliminary injunction.

No formalities (such as registration of the copyrighted work) are required before initiating court proceedings to pursue remedies against infringement.

Copyright holders may separately file an application for import suspension against infringing items in the customs office. Further, copyright holders may file a criminal complaint with the police or the public prosecutors' office.

9.4 Jurisdiction

Subject Matter Jurisdiction

The Summary Court has jurisdiction over all civil cases having economic value of JPY1.4 million or less (Court Act Article 33, paragraph 1). The District Court has jurisdiction over all civil cases exceeding JPY1.4 million (Court Act Article 24, paragraph 1). The economic value of a civil

case, which should include an estimated value of an injunction claim, is determined pursuant to the rules established by the Supreme Court of Japan.

Territorial Jurisdiction

Injunction claims

The District Court (or Summary Court) having the territorial jurisdictional authority over the following places has territorial jurisdiction over civil cases seeking injunction claims:

- location of the defendant (Code of Civil Procedure Article 4); or
- the place where the infringing act occurred, or where the result of the infringement occurred (Code of Civil Procedure Article 5, item 9).

Damages claims

The District Court (or Summary Court) having the territorial jurisdictional authority over the following places has territorial jurisdiction over civil cases seeking damage claims:

- location of the defendant (Code of Civil Procedure Article 4);
- the place where the infringing act occurred, or where the result of the infringement occurred (Code of Civil Procedure Article 5, item 9); and
- the location of the plaintiff (Code of Civil Procedure Article 5, item 1)

The Tokyo District Court or the Osaka District Court have concurrent jurisdiction with the court determined by the rules described above (Code of Civil Procedure Article 6-2).

Special Rules for Computer Programs

With regard to civil cases concerning copyrights on computer programs, either the Tokyo District Court (or the Tokyo Summary Court) or

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the Osaka District Court (or the Osaka Summary Court) should have exclusive jurisdiction as the court of first instance, depending on the subject matter and territorial jurisdiction (Code of Civil Procedure Article 6, paragraph 1 items 1 and 2).

9.5 Necessary Parties

The owner of the copyright, moral right or neighbouring right may initiate infringement proceedings.

A joint owner of a jointly owned copyrighted work may initiate an infringement proceeding by itself, and does not require other joint owners to file as co-plaintiffs.

Non-exclusive licensees of copyright or neighbouring rights do not have standing to initiate an infringement proceeding.

Exclusive licensees are generally regarded as lacking standing for seeking injunctive relief, while they could have standing for seeking compensation of damages according to some lower court precedents.

9.6 Third Parties

Third parties who have legal interests in a copyright civil proceeding may intervene into the proceeding. Other than that, third parties may be involved in copyright proceedings as witnesses or expert witnesses to support either a plaintiff or defendant.

9.7 Urgent and Interim Measures

An alleged victim of the infringement may file for a preliminary injunction as an urgent measure against copyright infringement (Civil Provisional Remedies Act Article 23, paragraph 2). The applicant must claim and provide prima facie evidence to establish the following:

- a likelihood of copyright infringement; and
- that the applicant will suffer irreparable damages if a preliminary injunction is not granted.

If the court finds that these requirements are satisfied, it will issue a preliminary injunction, on condition that the applicant post a bond determined by the court. The bond is to cover possible damages incurred by the alleged infringer if the preliminary injunction is found to be in error in the later proceedings.

9.8 Role of Experts

In general, the role of experts in copyright proceedings is rather limited. The involvement of experts in copyright proceedings is not so common.

Experts may play an important role in software copyright proceedings when technical expertise is required. In such case, a neutral expert retained by the court may support judges to understand substantive issues of the case; and the plaintiff/defendant may also retain an expert who testifies for the retaining party. Experts may also join in arbitration or mediation proceedings on an ad hoc basis.

9.9 Counterfeits and Parallel Imports

Seizure of counterfeits and illegal parallel imports are provided through suspension actions at customs. Owners of intellectual property such as copyright may file a petition with the competent customs office to block the import of counterfeit and illegal parallel imports (Customs Act Article 69-3, paragraph 1). An outline of the procedure is as follows:

- the customs office will notify the importer named in the petition to file for an opinion in response to the petition;

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- if the importer objects to the petition, the customs office will request the parties to submit additional written opinions and evidence to support their positions;
- upon review of the filed petition as well the submitted opinions and evidence from both parties, the customs office will either acknowledge the alleged infringement and accept the petition, or reject the petition; and
- if the petition is accepted, when the customs office will actually find a suspected infringing item (as identified in the accepted petition) to be imported, the customs office will examine and determine whether to suspend the importation of the item.

9.10 Remedies and Sanctions

The following remedies are available:

- injunctive relief (Article 112, paragraph 1);
- monetary relief (ie, damage claims or unjust enrichment claims) (Japanese Civil Code Article 709 or 703);
- destruction of infringing objects and the tools and instruments used solely for infringement (Article 112, paragraph 2); and
- measures to restore honour of authors whose moral rights are infringed (Article 115).

9.11 Administrative or Criminal Offences

Infringement of copyright, printing rights and neighbouring rights is punishable by imprisonment for a term not exceeding ten years and/or a fine not exceeding JPY10 million, or both (Article 119, paragraph 1). Infringement of moral rights is punishable by imprisonment for a term not exceeding five years and/or a fine not exceeding JPY5 million, or both (Article 119, paragraph 2 item 1).

A rights holder may file a criminal complaint to the local law enforcement officials (local police

office or the public prosecutor's office). Upon review of the complaint and evidence submitted, the law enforcement officials will decide whether to investigate and possibly bring the matter to the courts through the Code of Criminal Procedure.

9.12 Appellate Procedure

The seven High Courts (Sapporo, Sendai, Intellectual Property High Court, Nagoya, Osaka, Hiroshima and Fukuoka) have appellate jurisdiction over cases coming from the district courts within their respective territorial jurisdiction. The Intellectual Property High Court has jurisdiction over all appellate cases concerning computer programs having economic value exceeding JPY1.1 million (Code of Civil Procedure Article 6, paragraph 1 item 3). The Supreme Court of Japan has jurisdiction as the final court over appeals to High Court decisions.

When a judgment in the first instance is issued, a party dissatisfied with the judgment may appeal against the judgment by filing an appeal petition due within 14 days counting from the next day of the date of receipt of the judgment, unless an additional period is provided in the judgment. Such appeal petition can be simple, and the appellant may submit a more detailed appeal brief due within 50 days from the filing of an appeal petition.

9.13 Costs

The plaintiff has to pay a court fee upon filing a complaint, and both parties bear their own costs (such as attorneys' fees) during the infringement proceedings. A plaintiff may claim the costs of litigation, such as court fees to be compensated by a defendant, and a plaintiff may seek compensation of its attorneys' fees as a part of the damages incurred by copyright infringement. Upon issuing its ruling, the court has the discre-

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tion to allocate the cost of the litigation to the parties depending on the outcome. In practice, when the court finds infringement, around 10% of the damages to be awarded as compensation for infringement are typically added as compensation to recoup the plaintiff's attorneys' fees.

9.14 Alternative Dispute Resolution

Alternative dispute resolution (ADR) is not yet a common way to settle a copyright case. ADR is not compulsory.

Either the Japan Commercial Arbitration Association or the Japan Intellectual Property Arbitration Centre can be selected as the institution for arbitration or mediation, although the number of cases dealt with by both institutions is not large.

Furthermore, the Tokyo District Court and the Osaka District Court hold, if both parties agree to such proceeding, mediation for copyright disputes, where a judge from IP divisions of said courts and two attorneys, experienced in copyright, would form a mediation committee.

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Anderson Mori & Tomotsune (AMT) is a leading, full-service law firm with over 600 licensed professionals. AMT has broad experience in intellectual property (IP), entertainment and information technology (IT). The practice boasts over 30 attorneys-at-law and over 16 patent and trade mark attorneys. AMT provides clients with professional and comprehensive advice and counsel services that suit their respective circumstances and objectives in relation to in-

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JAPAN LAW AND PRACTICE

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1. Statute and Treaties

1.1 Copyright Statutes

The governing copyright statute is the Copyright Act.

The text of the Copyright Act can be located on a [website](#) operated by the Ministry of Government Legislation. The English version of the text is provided on a [website](#) operated by the Korea Legislation Research Institute.

1.2 Conventions and Treaties

South Korea became a party to the Berne Convention for the Protection of Literary and Artistic Works (Paris Text 1971) in 1996, joined the World Intellectual Property Organization (WIPO) Copyright Treaty in 2004 and the WIPO Performance and Phonograms Treaty in 2008.

South Korea is an original member of the World Trade Organization (WTO) and follows the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

South Korea is also a party to:

- the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, since 1987;
- the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, since 2008;
- the Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, since 2011; and
- the Marrakech Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, since 2015.

1.3 Foreign Copyright Holders

Article 3(1) of the Copyright Act provides that copyright protection is extended to copyrighted works of foreign authors in accordance with international treaties to which South Korea is a party.

Article 3(2) of the Copyright Act further stipulates that works of foreign authors who permanently reside in South Korea or works that are first published in Korea can be protected under the Copyright Act, regardless of international treaties.

Foreign copyright owners do not need to follow specific steps to secure such protection.

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

Under Article 2(1) of the Copyright Act, the term “copyrighted works” is defined as “creative works of authorship which express human thoughts and emotions”. In other words, to qualify for copyright protection, a work is required to have creativity and express human thoughts and emotions. The “creativity” is recognised if the work is an original expression created by the author without copying expressions of others. Such requirements for copyright protection apply to all works of authorship.

2.2 Special Notice and Registration of Works

Upon the creation of works which meet the requirements for copyright protection, copyright protection is automatically granted with no need for a special notice or registration.

While it is not mandatory, registration of copyrights can establish a presumption of the facts

stated in the registration certificate (eg, the identity of the author, the date of the creation and the date of the first publication). Anyone infringing a registered copyright is presumed to have been negligent in infringing the copyright.

Registration of copyrights can be checked at the [official website](#) of the Korea Copyright Commission.

2.3 Categories of Copyrightable Works

Article 4(1) of the Copyright Act provides categories of copyrightable works, including literary works, musical works, dramatic works, artistic works, architectural works, pictorial works, audio-visual works, graphic works and software works. Articles 5 and 6 of the Copyright Act provide protection for derivative works and compilation works.

The list of categories provided in Article 4(1) of the Copyright Act is not comprehensive. Copyright protection can be awarded to any work that meets the general requirements under Article 2(1) of the Copyright Act, see **2.1 Essential Elements of Copyright Protection**. Fixation is not required for copyright protection. Unrecorded improvisations can be protected.

2.4 Software

Software is a category of creative works protected under the Copyright Act. Article 2(16) of the Copyright Act defines “software works” as “creative works expressed as a series of instructions used, to obtain a specific outcome, directly or indirectly within devices (such as computers) which have the capability to process information”.

To qualify for copyright protection, software is not required to meet specific elements other than the general requirements for protection.

However, the Supreme Court tends to carefully examine the creativity of functional works such as software. The creativity of a functional work is rarely recognised if the work expresses practical ideas or functions in accordance with expressions generally used in the field. The Copyright Act protects software not for its function, but for creative expressions of a series of instructions which implement such function.

New and advanced technical ideas or functions of software can be protected under the Patent Act. The protection under each law does not preclude the possibility of protection under the other law.

2.5 Databases

Databases may be protected as compilation works. Compilation works are protected under the Copyright Act, if the creativity is recognised in their collection and arrangement of materials.

Regardless of whether the database meets the elements required for copyright protection as compilation works, the Copyright Act accords certain rights (ie, the rights to reproduce, distribute or transmit the whole or substantial portion of the database) to a person who has made a substantial investment in the production, update, verification or supplementation of the database. Such protection is available apart from and in addition to copyright protection.

2.6 Industrial Design Copyright Protection

Industrial designs may benefit from copyright protection if they are works of applied art. In addition to meeting the general requirements for copyright protection, works of applied art must be able to be reproduced in the same shape on articles and must be separable from the articles wherein they are used.

Design Protection

In addition to copyright protection, industrial designs can be registered and protected under the Design Protection Act, if they meet certain requirements such as industrial applicability, novelty and creativity. The holder of a registered design has the exclusive right to practise the design and any similar designs as business.

Unfair Competition

The Unfair Competition Prevention and Trade Secret Protection Act (“Unfair Competition Act”) provides certain protection for unregistered designs. If unregistered designs pertain to a product less than three years from production and are not in the usual form of products of the same kind or products having the same function and utility, it is prohibited to transfer, import or export products which imitate such designs. These protections are cumulative.

Difference in Protection Under Each Law

Design protection under the Design Protection Act differs from copyright protection in that:

- it is given only to registered designs; and
- its duration (ie, 20 years from the filing date) is shorter than the duration of copyright protection, which can last for the life of the author plus an additional 70 years.

Protection under the Unfair Competition Act is available for “three years after the product is in shape”.

3. Authorship and Copyright Ownership

3.1 Authorship

The Copyright Act defines the term “author” as a person who created the work. Those who assist-

ed in, or provided the driving force for, the creation of the work are not “authors” of the work.

Article 8(1) of the Copyright Act further provides that the authorship of a work is presumed if a person whose real name or well-known pseudonym is indicated as the name of the author in a usual manner on the work or in the public performance or public transmission of the work.

3.2 Joint Authorship

A joint work is defined as a work where the contributions of two or more persons combine into one inseparable work. The persons who jointly created a joint work are referred to as joint authors.

A joint work must meet the following requirements:

- two or more authors contributed to the creation of the work;
- the authors intended to jointly create the work; and
- the contribution of each author cannot be separately exploited.

Moral rights and economic rights in a joint work can be exercised only by unanimous consent of all joint authors. A joint author cannot transfer or encumber her rights in the joint work without the consent of the other joint authors, which shall not be withheld in bad faith. However, a joint author may seek injunctive or precautionary remedies for the joint work without the consent of the other joint authors. A joint author is also not required to obtain the consent of the other joint authors when seeking monetary damage for infringement or threatened infringement of the joint work to the extent of their share thereof.

The distribution of profits from the exploitation of a joint work can be determined by the agreement of the joint authors. In the absence of such agreement, profits are distributed according to the proportion of the contributions of the joint authors. If the proportion of the contributions of the joint authors is not clear, it is presumed to be equal.

3.3 Anonymous or Pseudonymous Works

Anonymous or Pseudonymous Works

Copyright protection may be available for anonymous or pseudonymous works. In the case of anonymous works, the person indicated as a publisher, public performer or the person who made the work public is presumed to be the author of the work (Article 8(2) of the Copyright Act). If a well-known pseudonym is indicated in the work or in the performance or public transmission of the work, the person is presumed to own the copyright of the work as the author thereof (Article 8(1) of the Copyright Act). As a general principle, the duration of the copyright of a work which is anonymous or bears a pseudonym which is not well known lasts 70 years from the year of publication (Article 40 of the Copyright Act).

Orphan Works

If the right holder of a published work is unknown or cannot be identified despite considerable efforts and research, such work can be exploited with payment to the Korea Copyright Commission (Article 50 of the Copyright Act).

3.4 Collective Works

The copyright of compilation or collective works is distinct from the copyright of the component works arranged therein. Under Article 2(18) of the Copyright Act, collective works such as anthologies or encyclopaedias can be accorded

copyright protection, if their selection, layout or arrangement of the component works meet the requirements for copyright protection, even if the component works themselves do not qualify for copyright protection.

Copyright protection can be granted to the compilation or collective work even where the work is created without the consent of the authors of the component works arranged therein. The copyright of the compilation or collective work does not affect the copyright or other rights of the component works arranged therein. The compilation or collective work which qualifies for copyright protection may be found infringing the copyright of the component works, if there was no consent of the authors of the component work.

3.5 Corporate Authorship

Article 9 of the Copyright Act provides that corporations (and government entities, public institutions or universities) may qualify as the author of a work, if:

- the work is a work for hire published in their name; and
- the agreements or rules of employment do not provide otherwise.

Article 2(31) of the Copyright Act defines the term “work for hire” as a work created by a person engaged by the employer under the initiative of the employer. There is no distinction between works created by employees and works created by consultant or freelance workers. A work created by an employee may not be a work for hire if it is created beyond the employee’s work scope without the supervision or control of the employer, whereas a work created by a consultant or freelance worker can be a work for hire if

it is created under the initiative, supervision and control of the employer.

If the agreements between the employer and the employee or the rules of employment provide that the employee shall be the author of the work for hire, such agreements will regulate the authorship of the work, and the employee will own the copyright of the work.

Conversely, where the requirements for a work for hire are not met, the employer is not accorded the authorship of the work even if the agreements between the employer and the employee provide that the employer will be the author of the work, while such agreements may be interpreted to indicate the employee's intention to assign its copyright to the employer.

4. Rights Granted to Copyright Owners

4.1 Economic Rights

Articles 16-22 grant the following economic rights to the copyright owner:

- the right to reproduce the copyrighted work;
- the right to perform the copyrighted work publicly;
- the right to publicly transmit the copyrighted work;
- the right to publicly display originals or copies of architectural works, works of fine art, or pictorial works;
- the right to distribute originals or copies of the copyrighted work;
- the right to rent for profit phonograms published for commercial purposes; and
- the right to create derivative works from the copyrighted work by means of translation,

adaptation, arrangement and video production, etc.

As a general principle, the economic rights last for the life of the author plus 70 years. The duration of the economic rights of a joint work is 70 years from the death of the last deceased author. The economic rights of anonymous works, works bearing pseudonyms which are not widely known, works for hire and audio-visual works last 70 years from publication. Under certain circumstances, the duration of the economic rights of works for hire or audio-visual works may expire 70 years from creation.

4.2 Alienable Rights

A copyright owner may transfer the economic rights in whole or in part (Article 45 of the Copyright Act). A copyright owner may authorise others to exploit the economic rights (Article 46 of the Copyright Act) and provide the economic rights as a security (Article 47 of the Copyright Act). A joint owner cannot transfer or provide as a security the economic rights in the joint work without the consent of the other joint owners, see **3.2 Joint Authorship**. There is no specific requirement in transferring, authorising the use of, or providing as a security the economic rights.

4.3 Transmissible Rights

Upon the death of the copyright owner, the economic rights are inherited in accordance with the Civil Act. Registration is not required for the heir to exercise the economic rights.

4.4 Transfer of Rights

There is no minimum age requirement to claim or exercise copyrights. Any copyright owner (including minors) may exercise or transfer copyrights other than that the moral rights, see **4.6 Moral Rights**, are not alienable. If the copyright owner is a minor, the consent of a legal repre-

sentative is required to transfer or otherwise dispose of the economic rights. No specific types of contracts or formalities are required to transfer, authorise the use of, provide as a security or otherwise dispose of copyright.

4.5 Copyright Exhaustion Doctrine

Article 20 of the Copyright Act recognises the exhaustion doctrine by stipulating that the right to distribute the work owned by the copyright owner is exhausted when the originals or copies of the work are first provided in sale with the authorisation of the copyright owner.

4.6 Moral Rights

The copyright owner is granted the following moral rights:

- the right to determine whether to publish the work;
- the right to attribution, which allows the copyright owner to be indicated as the author of the work in her real name or pseudonyms in the originals or copies of the work or any publications of the work; and
- the right to integrity, which allows the copyright owner to prevent distortions of the work or its format or title.

Moral rights last for the life of the author. However, Article 128 of the Copyright Act provides that even after the death of the author, the surviving family members or the executor of the author may seek injunction or restoration of reputation against an infringement of the author's moral rights.

Moral rights are inalienable and cannot be transferred or inherited (Article 14(1) of the Copyright Act).

5. Copyright Management

5.1 Anti-circumvention Right

South Korea implements anti-circumvention measures along the lines of Article 11 of the WIPO Copyright Treaty.

Article 2(28) of the Copyright Act defines “technical protection measures” as measures to prevent or restrict an act of infringing copyright. Technical protection measures include DRM, encryption and copy protection. Article 104-2 of the Copyright Act prohibits circumventions of technical protection measures by removing, altering or bypassing them. The circumvention prevented by the Copyright Act encompasses production, import, distribution or sale of devices or components used for the circumvention.

The anti-circumvention rules do not apply if necessary:

- to research encryption technologies;
- to prevent minors from accessing harmful works;
- to check and disable the function of privately collecting or distributing personally identifiable information;
- to decompile codes to secure compatibility with other programs;
- to inspect or investigate the security of computers or communications networks; and
- to use a part of audio-visual work legitimately produced or obtained for criticism, analysis or research to produce documentaries or non-commercial audio-visual work.

Article 104-8 of the Copyright Act allows the copyright owner to seek injunction or damages against the person who circumvented technical protection measures. Under Article 136(2)(iii-3) of the Copyright Act, any person who circum-

vented technical protection measures for commercial purposes may be subject to criminal liabilities (imprisonment up to three years and/or a criminal fine up to KRW30 million).

5.2 Copyright Management Information: Legal Remedies

The Copyright Act provides legal remedies with respect to copyright management information (CMI) along the lines of Article 12 of the WIPO Copyright Treaty.

Article 2(29) of the Copyright Act defines the term CMI as information to identify the work or the copyright owner, or information relating to the method or conditions of using the work, which is attached to the work or appears in connection with the communication of the work to the public.

Article 104-3(1) of the Copyright Act prohibits anyone from:

- intentionally removing or altering, or falsely adding CMI;
- distributing or importing for distribution CMI, knowing that CMI has been removed or altered; and
- distributing, importing for distribution, or communicating to the public the work, knowing that CMI has been removed, altered or falsely added.

Article 104-8 of the Copyright Act allows the copyright owner to seek injunction or damages against any person who violates the foregoing. Under Article 136(2)(iii-4) of the Copyright Act, any person who violates the foregoing for commercial purposes (except for those who, by negligence, has not known that such act causes or conceals infringement of copyright) may be subject to criminal liabilities (imprisonment up to

three years and/or a criminal fine up to KRW30 million).

6. Collectives

6.1 Collective Rights Management System

The collective rights management system in South Korea allows the existence of several collecting societies or agencies.

The collecting societies or agencies enter into licence agreements with the users on behalf of the copyright owner. They collect licence fees from the users and distribute to the copyright owner the amount less the administrative fees. The rates or amounts of licence fees and administrative fees must be approved by the Ministry of Culture, Sports and Tourism (Article 105(9) of the Copyright Act). The collecting societies may directly file a lawsuit against the infringer on behalf of the copyright owner.

The rights managed by the collecting societies or agencies include economic rights, exclusive rights to publish the work, neighbouring rights or rights of database producers. Multiple collecting societies or agencies may exist for each right. As of December 2022, there are hundreds of collecting agencies, and the following 12 collecting societies in South Korea:

- Korea Music Copyright Association (for music copyright owners, including composers, lyricists, arrangers, music publishers);
- Korean Society of Composers, Authors and Publishers (for music copyright owners, including composers, lyricists, arrangers, music publishers);
- Korea TV & RADIO Writers Association (for TV and radio writers);

- Korea Scenario Writers Association (for scenario writers);
- Korea Literature, Academic works and Art Copyright Association (for the rights to reproduce or publicly transmit literary works);
- Korean Film Producers Association (for audio-visual work producers);
- Movie Distributors Association of Korea (for audio-visual work producers);
- Korea Press Foundation (for news copyright owners);
- Korea Culture Information Service Agency (for public works of government agencies and public institutions);
- Federation of Korean Music Performers (for music performers);
- Korea Broadcasting Performers' Rights Association (for broadcast performers, including actors, voice actors and comedians); and
- Recording Industry Association of Korea (for phonogram producers).

6.2 Powers and Functions

The collecting societies, as trustees of the copyright owner, may exercise any and all economic rights of the copyright owner, including filing a lawsuit against an infringer, provided that the rights to produce derivative works are not encompassed in the scope of the rights administered by the collecting societies unless otherwise provided in the agreements between the collecting societies and the copyright owner (Article 45(2) of the Copyright Act).

6.3 Synchronisation Rights

In order to use a copyrighted music work in visual or audio-visual works such as music videos, dramas, movies advertisements and video games, synchronisation licence to the rights to reproduce and distribute compositions, lyrics and/or sound recording is required. The collect-

ing societies collect licence fees for the use of such synchronisation rights.

7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

Articles 23 to 35-4, 36, 101-3 to 101-5 of the Copyright Act place certain restrictions on economic rights. For instance, copyrighted works may be used without the copyright owner's consent in the case of use for educational purposes or news reports, citation of published works, or incidental reproduction during the filming process.

In addition, Article 35-5 of the Copyright Act provides a general clause for fair use. Article 35-5(1) of the Copyright Act stipulates that a person may use the copyrighted work without the copyright owner's consent, if such use does not conflict with the normal exploitation of the work and does not unreasonably prejudice the author's legitimate interests. The relevant factors considered in determining the use of the work is fair include the purpose or character of the use, the nature of the work, the amount and substantiality of the portion used in relation to the work as a whole, and the effect of the use upon the current and potential market for the work or the value of the work.

7.2 Private Copying

Article 30 of the Copyright Act provides an exception to copyright in the case of private or family use of published works for non-commercial purposes. However, even in the case of such use, reproductions by means of photocopies or cameras installed for public use are not permitted. In other words, the exception under Article 30 of the Copyright Act applies to the use of the

copyrighted work in a private and closed domain only.

In the case of software, the scope of permitted use is narrower. Reproductions of software may be allowed if the software is reproduced for personal purposes and not for commercial purposes at a limited place such as home and without unreasonably harming the copyright owner's interests (Article 101-3(1)(iv) of the Copyright Act).

7.3 Reproductions: Cultural Goods/ Buildings

Article 35(2) of the Copyright Act provides an exception to copyright in the case of reproductions of artistic works, photographic works and architectural works. Artistic works, photographic works and architectural works which are permanently displayed in a place open to the public may be reproduced, unless:

- an architectural work is reproduced into a building;
- the reproduction is between sculptures or between paintings;
- the reproduction is to permanently display in other places open to the public; and/or
- the reproduction is for sale.

7.4 Intermediaries

Articles 102 to 104 of the Copyright Act provides an exception to copyright for activities carried out by online service providers (OSP), which include:

- (mere conduit) internet access service providers (ie, network operators);
- portal service providers;
- providers of posting spaces such as web-pages or blogs;
- search service providers;

- P2P software or web storage service providers; and
- internet auction service providers.

Exceptions for Internet Access Service Providers

Article 102(1)(i) of the Copyright Act provides that to be eligible for the exception, (mere conduit) internet access service providers must meet the following requirements:

- they have not initiated the transmission of the copyrighted work;
- they have not selected the copyrighted work or the recipients thereof;
- they have adopted and reasonably implemented a policy to terminate the accounts of those who have repeatedly infringed copyright; and
- they have not interfered with technical protection measures adopted by the copyright owner to identify and protect the work.

Caching Requirements to Qualify for Exceptions

Under Article 102(1)(ii) of the Copyright Act, caching service providers must satisfy the following requirements to qualify for the exception:

- they have met the foregoing requirements for internet access service providers;
- they have not altered the copyrighted work;
- access to the copyrighted work temporarily stored has been permitted only to those who satisfied the access conditions;
- they have complied with the rules on updating the work pursuant to the generally accepted data communications protocol as indicated by the person who reproduced or transmitted the work;
- they have not interfered with the generally accepted technologies applied at the original

website of the work to obtain information about the use of the work; and

- they have immediately removed or disabled access to the work where required by the person who claims their rights to the work to cease the reproduction or transmission of the work, or where the work was removed or made inaccessible at the original website, or where they became aware that the court issued an order to delete or disable access to the work.

Storing Requirements to Qualify for Exceptions

Article 102(1)(iii) of the Copyright Act provides the following requirements to be satisfied by storing service providers or search services providers to qualify for the exception:

- they have met the foregoing requirements for internet access service providers;
- they have not benefited from infringing activities when they have the authority and ability to control those activities;
- they have immediately ceased the reproduction or transmission of the work when they became aware of infringement; and
- they have designated a person to address the request to cease the reproduction or transmission of the work.

7.5 Satire and Parody

The use of a copyrighted work for satire or parody can be permitted as “citation of a published work” under Article 28 of the Copyright Act or as fair use under Article 35-5 of the Copyright Act.

Article 28 of the Copyright Act provides that published works may be cited for certain purposes such as criticism, education and research within a proper range in compliance with fair practices.

Satire or parody may fall within the scope of criticism under Article 28 of the Copyright Act.

The factors to be considered in determining whether the citation was consistent with fair practices within a reasonable range include the method or form of the citation and the general notion of consumers in addition to the factors for fair use, see **7.1 Fair Use/Fair Dealing**. In other words, satire or parody would more likely qualify for the exception if:

- it is for non-commercial purposes;
- the original work is well known and thus it is easy to note that it is a satire or parody of the original work;
- only a small portion of the original work is used in the satire or parody; and
- there is less concern that the satire or parody may replace the original work.

In contrast to a direct satire/parody which criticises the original itself, a vehicle satire/parody which uses the original to criticise other subjects may not qualify for the exception.

7.6 Freedom of Speech/Right of Information

The Copyright Act provides the following exceptions to copyright in relation to freedom of speech and right of information:

- under Article 24 of the Copyright Act, political speeches and public statements in courts, parliaments or local councils may be used in any manner;
- under Article 26 of the Copyright Act, works that are incidentally seen or heard in the course of news reporting may be reproduced, distributed, performed or communicated to the public within a reasonable scope;

- under Article 27 of the Copyright Act, articles and editorials published in newspapers, internet news, or other news media may be reproduced, distributed or broadcast by other media organisations unless such use is explicitly prohibited; and
- under Article 28 of the Copyright Act, published works may be cited for certain purposes – including criticism, education or research – within a reasonable range and consistent with fair practice.

8. Neighbouring Rights

8.1 Neighbouring Rights

The Copyright Act provides neighbouring rights to performers, phonogram producers, and broadcasting organisations.

The neighbouring rights accorded to performers under Articles 66 to 76-2 of the Copyright Act include:

- the right of paternity;
- the right of integrity;
- the right to reproduce or distribute the performance;
- the right of public performance;
- the right to lease recordings of the performance for commercial purposes;
- the right to broadcast the performance;
- the right to transmit the performance; and
- the right to claim compensation for the use of commercial phonograms for broadcasting or claim compensation for digital audio transmission providers' transmission of the phonograms.

Articles 78 to 83-2 of the Copyright Act provide the following neighbouring rights to phonogram producers: the right to reproduce or distribute

the phonograms, the right to lease the phonograms for commercial purposes, the right to transmit the phonograms, and the right to claim compensation for the use of commercial phonograms for broadcasting or compensation for digital transmission providers' transmission of the phonograms.

The neighbouring rights provided to a broadcasting organisation under Articles 84 to 85-2 include the right to reproduce the broadcasts, the right to authorise the broadcasts to be broadcast simultaneously, and the right to publicly perform the broadcasts where the performance takes place at a place accessible to the general public with entrance fees.

8.2 Transferring/Licensing/Sale

No specific types of contracts are required in order to transfer, license or sell neighbouring rights.

8.3 Exceptions

The restrictions on economic rights apply to neighbouring rights *mutatis mutandis* to the extent applicable by nature. The general clause for fair use also applies to neighbouring rights *mutatis mutandis* (Article 87(1) of the Copyright Act).

9. Infringement and Litigation

9.1 Types of Infringement

A copyrighted work is considered as infringed when any of the exclusive rights granted to a copyright owner is exercised without the permission of the copyright owner unless one of the exceptions applies.

The moral rights of the copyright owner are considered as infringed when a person publishes

unpublished works without the permission of the copyright owner, when a person does not indicate the name of the author against the copyright owner's will, or when a person alters the copyrighted work without the permission of the copyright owner.

The following acts are also considered as infringement of copyright:

- to import, for distribution within South Korea, products which would infringe copyright if they had been made in South Korea;
- to possess products for distribution, knowing that they were produced by infringement;
- to use copies of software for business, knowing that the copies were made by infringing the software copyright; and
- to use the copyrighted work in a manner defaming the author's reputation.

9.2 Defences

Defences available against a claim of copyright infringement include the following:

- independent creation by the defendant;
- co-authoring;
- licence;
- fair use or other restrictions on economic rights;
- exhaustion by first sale;
- exceptions accorded to OSP;
- copyright misuse by the plaintiff; and
- expiration of copyright.

9.3 Proceedings

Civil and criminal proceedings are available to pursue infringement.

Civil Proceedings

Under Article 123(1) of the Copyright Act, the copyright owner may file civil proceedings seek-

ing permanent or preliminary injunction against infringement. In such civil proceedings, the copyright owner may require the destruction of infringing products or other necessary measures (including provisional measures) with no need to prove negligence or intent of the infringer. Article 125 of the Copyright Act provides that the copyright owner may claim damages for negligent or intentional infringement.

In addition, under Article 127 of the Copyright Act, the copyright owner may seek necessary measures to restore reputation against a person who negligently or intentionally violated the moral rights of the copyright owner. There are no formalities required before initiating such civil proceedings.

Criminal Proceedings

The copyright owner may also pursue infringement in criminal proceedings. Under Articles 136 and 137 of the Copyright Act, infringement of economic rights, moral rights or neighbouring rights may result in criminal liabilities. The act of damaging the reputation of the author or performer by such infringement may also be subject to criminal liabilities.

Such criminal proceedings are initiated by the copyright owner's filing of a complaint. However, criminal proceedings for habitual infringement for profit may be initiated without the copyright owner's filing of a complaint (Article 140 of the Copyright Act).

9.4 Jurisdiction

There is no specialised court having exclusive jurisdiction for copyright infringement. The copyright owner may initiate copyright infringement proceedings at any of the following courts:

- a court having jurisdiction over the defendant's address or place of residence (or a place of business in the case of a corporate entity);
- a court having jurisdiction over the place of infringement;
- a court having jurisdiction over the plaintiff's address (in the case of damage proceedings); and
- a district court in a district where a high court presiding over the afore-listed courts exists.

9.5 Necessary Parties

Proceedings where injunction or damages are claimed for infringement of economic rights or where infringement of moral rights or neighbouring rights are claimed can be initiated by the copyright owner or the neighbouring right holder.

A non-exclusive licensee which has been granted limited rights to use the copyright cannot enforce the copyright. An exclusive licensee may initiate proceedings seeking injunction on behalf of the copyright owner. In the case of damage claims, there is no established rule, but an exclusive licensee may claim damages for infringement as well.

9.6 Third Parties

Third parties involved in the proceedings as intervenors are bound by the remedies or sanctions awarded in the proceedings. For instance, in a copyright infringement proceeding initiated by Party A against the infringer, Party B may intervene, claiming that it is the true owner of the copyright and seeking injunction and damages. Party B is bound by the court's decision on its claims, and estopped from disputing the court's findings once the decision becomes final.

9.7 Urgent and Interim Measures

Provisional injunction proceedings are available to address urgent need to avoid imminent harm

before infringement proceedings on the merits are filed.

In order to be granted provisional injunction, the copyright owner is generally required to establish the following:

- irreparable harm is imminent;
- the balance of hardships tips in the copyright owner's favour; and
- there is a likelihood of success on the merits.

9.8 Role of Experts

Expert appraisal is available for all copyright proceedings, but not mandatory. In practice, expert appraisal is carried out in cases involving copyrighted works with technical aspects such as drawings or software, the creativity or similarity of which is difficult to analyse.

9.9 Counterfeits and Parallel Imports

Article 124(1)(i) of the Copyright Act prohibits the import of products that would infringe copyright, if they were made in Korea at the time of import. Article 235(1)(ii) of the Customs Act prohibits the import and export of products infringing copyright and neighbouring rights.

The Customs Office has the authority to allow the owners of registered intellectual property rights to record their rights with the Customs Office. If any products reported to be imported or exported may be found to infringe the recorded intellectual property rights, the Customs Office notifies the owner of such intellectual property rights so that the owner may provide security and request seizure or detention of the infringing products. Any person seeking protection for copyright or neighbouring rights which are not registered may also request seizure or detention of the infringing products by providing security. If it is evident that the products infringe intellectual

property rights, the Customs Office may seize or suspend the clearance process of the products ex officio, and notify the importer or exporter.

The Copyright Act adopts the exhaustion doctrine regarding the right of distribution, see **4.5 Copyright Exhaustion Doctrine**. However, there is no explicit clause or established rule regarding international exhaustion, and thus it is unclear whether parallel imports are legal.

9.10 Remedies and Sanctions

See **9.3 Proceedings**.

9.11 Administrative or Criminal Offences

See **9.3 Proceedings**.

In addition, Article 139 of the Copyright Act provides that copies made by infringing copyright and tools or materials owned by the infringer, copier, distributor or performer and used in the producing of the copies are confiscated.

Under Article 133(1) of the Copyright Act, the Ministry of Culture, Sports and Tourism and local governments have the authority to have relevant public officials collect, discard and delete illegal copies or devices, information and software disabling technical protection measures.

9.12 Appellate Procedure

The appellate procedure for copyright proceedings is the same as the general appellate procedure for civil or criminal proceedings. The decision of the court of first instance can be appealed to a high court or the appellate division of a district court. The decision of a high court or the appellate division of a district court is appealed to the Supreme Court.

9.13 Costs

As a general principle, the losing party bears the litigation cost (Article 98 of the Civil Procedure Act). The attorney's fees incurred by the other party may be included in the litigation cost only to a certain extent calculated by the Rules on the Inclusion of Attorney's Fees into the Litigation Cost. Assuming that the amount claimed is KRW100 million, the attorney's fees borne by the losing party will be KRW7.4 million.

9.14 Alternative Dispute Resolution

In accordance with Article 113 of the Copyright Act, the Korea Copyright Commission mediates copyright disputes involving economic rights, moral rights, neighbouring rights or compensation. The mediation administered by the Korea Copyright Commission is commonly concluded within three months. The mediation procedures are conducted privately and are relatively inexpensive.

Disputes where a relatively small amount is claimed are increasingly settled by such mediation, but it is not a common way of settling copyright cases. Copyright disputes are generally resolved by litigation. In some cases, the court may refer a copyright dispute to mediation by the Korea Copyright Commission. However, if the parties cannot reach a resolution of the dispute by such mediation, or a party may object to the decision rendered by the Korea Copyright Commission, the dispute will be finally determined by the court.

Yoon & Yang LLC is a full-service law firm with more than 500 attorneys and other professionals based in Seoul, South Korea, and overseas offices in Tashkent, Uzbekistan, and Ho Chi Minh City and Hanoi, Vietnam. Yoon & Yang's intellectual property practice group consists of 27 attorneys and other professionals and it has expertise in all phases of intellectual property matters, handling litigation involving all types of IP rights, with particular experience in patent, copyright, trade mark and trade secret misappropriation matters. The firm also advises

clients on how to capitalise on their IP investments by auditing and analysing IP, establishing IP management strategies, creating strategic alliances, licensing, franchising and distribution arrangements, and identifying candidates for prosecution or acquisition. The firm's major clients include global industry leaders, such as SK Hynix, Hyundai Steel, SK E&S, Qualcomm, Merck, Visa International, Alibaba, ASML, Toyota, Mitsubishi, Dyson, Aesop, The Bodyshop, Mondelez, Adidas, Reebok and PGA (Professional Golf Association).

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1. Statute and Treaties

1.1 Copyright Statutes

The [Copyright Act](#) is the governing copyright statute in Taiwan. No other principal sources of law regulate copyright.

1.2 Conventions and Treaties

Taiwan became a member of the WTO in 2002, and as such the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is directly applied in Taiwan. The Berne Convention for the Protection of Literary and Artistic Works is also indirectly applied, in accordance with TRIPS.

1.3 Foreign Copyright Holders

The Taiwan Copyright Act provides: “Works of foreign nationals that comply with one of the following conditions may enjoy copyright under this Act; provided, where the terms of a treaty or an agreement that has been ratified by resolution of the Legislative Yuan provide otherwise, such terms shall govern: 1. Works that are first published in the territory under the jurisdiction of the Republic of China, or are published in the territory under the jurisdiction of the Republic [of] China within 30 days [of] their first publication in territory outside the jurisdiction of the Republic [of] China; provided, this shall only apply where the country of such foreign national extends protection under identical circumstances to the works of persons of the Republic of China, and such protection has been verified. 2. Where by treaty or agreement, or under the domestic acts, regulations, or standard practice of the home country of the foreign national, works of persons of the Republic of China enjoy copyright in such country” (Article 4).

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

The essential elements required for a work to benefit from copyright protection are that it must be:

- a creation of the human mind;
- a creation having originality or being an independent creation with at least some minimal degree of creativity;
- a creation having a specific expression; and
- a creation presenting the individuality of the author within a literary, scientific, artistic or other intellectual domain.

These elements apply to all works of art.

2.2 Special Notice and Registration of Works

No registration or formal requirements are necessary for copyright protection.

2.3 Categories of Copyrightable Works

Copyrightable works in Taiwan’s system include:

- oral and literary works;
- musical works;
- dramatic and choreographic works;
- artistic works;
- photographic works;
- pictorial and graphic works;
- audio-visual works;
- sound recordings;
- architectural works; and
- computer programs.

The above list is exemplary for types of copyrightable works established by Article 5(1) of the Copyright Act. Specifically, the law recognises protection for non-categorised works of art, pro-

vided that they meet the general requirements for protection.

Protection is not limited to fixed works. For example, speech, performance and choreography can be directly protected under the Taiwan Copyright Act.

2.4 Software

Copyright Protection

Software benefits from copyright protection and may be a derivative variety of copyright. Accordingly, the requirements for software are not the same in nature as those for other types of copyrights. Any part of software, such as the object code or source code of a program or compiler, may be protected either by computer programs or by literary work. Certainly, the visual results shown by a program are similar to pictorial and graphic works or audio-visual works, which are eligible for copyright protection.

Invention Patent, Design Patent or Trade Secret

Software may also be protected in forms of the invention patent, design patent or trade secret. For example, a novel and inventive computer program that has technical characteristics for industrial application may be protected by an invention patent. Likewise, a novel and creative icon or graphical user interface (GUI) that has artistic characteristics for industrial application may be protected by a design patent. For copyright protection, software does not require higher standards of novelty, inventiveness and industrial applicability. A program, either in object code or source code, may be protected by trade secret if it may be used in the course of production, sales or operations, and if it meets the following requirements:

- it is not known to persons generally involved in information of this type;
- it has economic value, actual or potential, due to its secretive nature; and
- its owner has taken reasonable measures to maintain its secrecy.

While the object code and source code of a program are both copyrightable and may cumulate to gain overlapping protection for software, it may be interesting or controversial to consider whether software is protectable under different categories of copyright.

Cumulation of Protection

While the differences between protections of patent and copyright for software may be readily identifiable, it is easy to imagine that their protections may cumulate when specific software has both technical characteristics and artistic characteristics. The demarcation between the icon or GUI design patent and graphic copyright, however, may be fairly vague when it comes to determining how their protections may differentiate from or cumulate with each other. The delimitation between trade secret and copyright may be directly inferred from their legal requirements and it may be easy to deploy their protections in cumulation.

Computer Programs as an Exception

Specific features are applicable to software rights – eg, the author's exclusive right to reproduce the works does not apply to the transient and incidental temporary reproduction required in a technical operation process without independent economic significance where the sole purpose is lawful network relay transmission or lawful use of a work. However, this rule does not apply to computer programs (Article 22(3), Copyright Act). The owner of a legal copy of a computer program may alter the program where

necessary for utilisation on a machine, or may reproduce the program as necessary for back-up; although this is limited to the owner's personal use (Article 59(1), Copyright Act). Normally, owners of originals or lawful copies of works may rent out such original works or copies; this rule does not, however, apply to computer programs (Article 60(1), Copyright Act).

2.5 Databases

Protection as a Literary Work or Compilation

Databases benefit from copyright protection in the form of a literary work or compilation work. Article 7(1) of the Copyright Act provides that “[a] compilation work is a work formed by creative selection and arrangement of materials, and shall be protected as an independent work”. Article 7(2) provides that “[p]rotection of a compilation work shall not affect the copyright in the work from which the material was selected and arranged”. Therefore, the requirements are the same as those for a literary work or compilation work.

Protection Under the Fair Trade Act

If a database simply collects some pure information or uncopyrightable works and cannot be characterised as a literary work or compilation work, it might be protected under the Fair Trade Act, in which Article 25 provides: “In addition to what is provided for in this Law, no enterprise shall otherwise have any deceptive or obviously unfair conduct that may affect trading order.” Under this article, the database owner may claim injunctive relief or damages only when the whole or a substantial part thereof has been misappropriated without authorisation.

Protection Under Copyright Law and Unfair Competition Law

The protections for a database under copyright law and unfair competition law may cumulate

because when there is some creativity in the selection, compilation or arrangement of related information in the database, either copyright law or unfair competition law may be used to deal with the plagiarism on the database.

2.6 Industrial Design

Some types of industrial designs may benefit from copyright protection, but the designs per se should not be used to perform technical functions, while the idea of the design creation is easily separable from the expression of the copyrighted work. In Taiwan, industrial designs are mainly protected in the form of design patents, which require higher standards of novelty, inventiveness and industrial applicability in comparison to the originality required for copyright. In addition, a similar or identical industrial design may infringe a design patent even though the industrial design is independently designed, but it will not infringe copyright because an independently designed work cannot constitute copying. Accordingly, cumulative protection between a design patent and a copyright is possible.

3. Authorship and Copyright Ownership

3.1 Authorship

The author is the person who creates the copyrightable work, and is normally the first owner of copyright. Where a person's name or a pseudonym familiar to the public is represented in a normal way as the author on the original of a work, or on a published copy of the work, or in connection with the public release of a work, the person will be presumed to be the author of the work.

3.2 Joint Authorship

A joint work is a work that has been completed by two or more persons where the creation of each person cannot be separately exploited (Article 8, Copyright Act). In other words, where the creation of one or more persons on a work completed by two or more persons may be separately exploited, the work may not be a joint work but a set of different works.

Article 19 of the Copyright Act provides as follows: “Moral rights in a joint work may not be exercised without the consent of all the joint authors. A joint author shall not refuse consent without a legitimate reason. Authors of a joint work may select an author from among the joint authors to be their representative for the purpose of exercising moral rights. Limitations imposed on the representative powers of the representative referred to in the preceding paragraph will not be effective against a third party acting in good faith”.

Under Article 40 of the Copyright Act, it says: “In the case of a joint work, each author’s share of the ownership of such a work shall be as stipulated by the joint authors; where no stipulation has been made, ownership shares shall be determined according to the degree of each author’s creative contribution. Where the degree of each author’s creative contribution is not clear, it shall be presumed that each author owns an equal share. Where an author of a joint work abandons its share of the ownership of the work, that share shall be apportioned among the other joint authors in proportion to their respective shares. The provisions of the preceding paragraph shall apply mutatis mutandis where the author of a joint work dies with no successor or is extinguished with no receiver”.

3.3 Anonymous or Pseudonymous Works

Under Article 16 of the Copyright Act, the author of a work shall have the right to indicate their name, a pseudonym, or no name on the original or copies of the work, or when the work is publicly released. The author has the same right to a derivative work based on their original work.

Currently, there is no provision regarding orphan works. Nevertheless, on 9 September 2016, the Taiwan Intellectual Property Office (TIPO) sent a draft amendment of the Copyright Act to the Executive Yuan for preliminary examination as a formal draft bill before the Legislative Yuan. The draft amendment includes a provision related to a compulsory licence for works where the property rights owner is unknown.

In addition, under Article 24 of the Development Act of Culture and Creation Industries, if a copyright user fails to obtain authorisation for a published work despite exhaustive efforts to identify the copyright owner or their location, the user shall present their case before the TIPO to obtain a licence to utilise the work within the scope on remuneration for its use.

3.4 Collective Works

Article 7 of the Copyright Act provides the following: “A compilation work is a work formed by the creative selection and arrangement of materials, and shall be protected as an independent work. Protection of a compilation work shall not affect the copyright in the work from which the material was selected and arranged”.

3.5 Corporate Authorship

A corporate body can be the author of a work. For example, when a work is completed by an employee within the scope of employment, if an agreement stipulates that the employer is the

author, this agreement shall govern. In addition, when a work is completed by a person under commission, if an agreement stipulates that the commissioning party is the author, this agreement shall also govern.

Article 11 of the Copyright Act provides the following: “Where a work is completed by an employee within the scope of employment, such employee is the author of the work; provided, where an agreement stipulates that the employer is the author, such agreement shall govern. Where the employee is the author of a work pursuant to the provisions of the preceding paragraph, the economic rights to such work shall be enjoyed by the employer; provided, where an agreement stipulates that the economic rights shall be enjoyed by the employee, such agreement shall govern. The term ‘employee’ in the preceding two paragraphs includes civil servants”.

Under Article 12 of the Act: “Where a work is completed by a person under commission, except in the circumstances set out in the preceding article, such commissioned person is the author of the work; provided, where an agreement stipulates that the commissioning party is the author, such agreement shall govern. Where the commissioned person is the author pursuant to the provisions of the preceding paragraph, enjoyment of the economic rights to such work shall be assigned through contractual stipulation to either the commissioning party or the commissioned person. Where no stipulation regarding the enjoyment of economic rights has been made, the economic rights shall be enjoyed by the commissioned person. Where the economic rights are enjoyed by the commissioned person pursuant to the provisions of the preceding paragraph, the commissioning party may exploit the work”.

The agreements mentioned above are not required to conform to specified standards.

4. Rights Granted to Copyright Owners

4.1 Economic Rights

Authors’ and Performers’ Rights

Authors have the exclusive right to reproduce, distribute, publicly broadcast, publicly transmit and rent their works. Authors of oral and literary works have the exclusive right to recite their works publicly. Authors of audio-visual works have the exclusive right to present their works publicly. Authors of oral and literary, musical and dramatic/choreographic works have the exclusive right to perform their works publicly. Authors may claim payment for use from the persons who publicly perform a sound recording. Authors of unpublished fine art or photographic works have the exclusive right to display the original and copies of their works publicly. Authors of works have the exclusive right to adapt their works into derivative works or to compile their works into compilation works. Performers have the exclusive right to reproduce their performances by means of sound recording, video recording or photography. Performers have the exclusive right to distribute, transmit publicly and rent their performances reproduced in sound recordings. Performers have the exclusive right, by means of loudspeakers or other equipment, to perform their works publicly; however, this does not apply to public performances by means of loudspeakers or other equipment after that performance has been reproduced or broadcast publicly.

Economic Rights

Just as categories for works under Article 5(1) are merely exemplary, the above is a comprehensive list of economic rights established by law

under Article 22(1) stipulating that “the author exclusively enjoys the rights of reproducing its work unless otherwise provided in this Act”, which means that the author exclusively enjoys the rights of reproducing their work in whatever form, medium or channel unless expressly limited or provided in the Act. Accordingly, new rights that are not currently listed in the law but may arise due to technological progress will certainly be vested in the author automatically.

Economic rights generally last for the life of the author, plus 50 years after their death. If a work is first publicly released between the 40th and 50th years after the author’s death, the economic rights will last for a term of ten years beginning from the time of the public release. The economic rights in a work authored by a juristic person last for 50 years after the public release thereof, but if the work is not publicly released within 50 years from completion of the creation, the economic rights will subsist for 50 years after its completion.

In addition, the economic rights for photographic works, audio-visual works, sound recordings and performances last for 50 years after the public release of the work. As in the case of a juristic person, however, if the work is not publicly released within 50 years from completion of the creation, the economic rights will subsist for 50 years after its completion.

There is no circumstance allowing for the non-consensual termination of grants and/or recapture of economic rights.

The Taiwan Copyright Act establishes different terms mostly according to the author(s), and to some degree, according to the type of copyrighted work.

4.2 Alienable Rights

Economic rights may be transferred in whole or in part to another person and may be jointly owned with other persons. The transferee of economic rights obtains economic rights within the scope of the transfer. The transfer scope of the economic rights is to be stipulated by the parties; rights not clearly covered by such stipulations shall be presumed as not having been transferred. Specifically, although there is no express formal requirement, clear stipulation of an economic rights transfer between or among parties is required for a successful or exact transfer.

The economic rights-holder may license others to exploit the work. The territory, term, content, method of exploitation and other particulars of the licence will be stipulated by the parties; particulars not clearly covered by such stipulations will be presumed as not having been licensed. Again, although there is no express formal requirement, clear or exact stipulation of the copyright licence between the parties is required for a licence to be effective as intended.

4.3 Transmissible Rights

Since economic rights are a type of property, upon the death of the economic rights-owner, the heirs of the owner will jointly own the economic rights according to general rules provided in the Civil Code. Joint economic rights in a work will not be exercised except with the consent of all the joint economic rights-holders; no economic rights-holder may transfer their share to another person or establish a pledge of their share in favour of a third party without the consent of all the other joint economic rights-holders. However, a joint economic rights-holder may not refuse consent without a legitimate reason.

4.4 Transfer of Rights

There is no minimum age requirement to enjoy copyright protection. Nevertheless, minors under the age of 20 years have limited capacity and need a statutory agent to act on their behalf for valid exercise of the transfer/licence/sale of copyrights (Article 13, Civil Code). There is no other applicable provision regarding competency. There is no provision for specific types of contracts for the transfer/licence/sale of copyright. Nevertheless, there are regulations for recording plate rights to obtain a locus standi to act against a third party.

4.5 Copyright Exhaustion Doctrine

A person who has obtained ownership of an original or lawful copy of a work within the territory under ROC jurisdiction may distribute it by means of transfer of ownership (Article 59 semel, Copyright Act). Owners of originals or lawful copies of works may rent out such originals or copies; however, this does not apply to sound recordings or computer programs (Article 60(1), Copyright Act).

Normally, importing an original or any copy of a work legally reproduced abroad without the authorisation of the economic rights-holder will be an infringement. This rule does not, however, apply if the original or a specified number of copies of a work are imported for the private use of the importer and not for distribution, or if such an importation occurs because the original or copies form part of the personal baggage of a person arriving from outside this territory (Article 87 semel, Copyright Act).

4.6 Moral Rights

Moral rights include the right to:

- release the work publicly;

- indicate the author's name, a pseudonym, or no name on the original or copies of the work, or when the work is publicly released; or
- prohibit others from distorting, splitting, tampering or otherwise changing the content, form or name of the work, thereby damaging the author's reputation.

The list above is a comprehensive list established by law (Article 17, Copyright Act).

Even though an author has died or been extinguished (eg, when the author is a company), the protection of moral rights will be as valid as if the author was living or in existence, and may not be infringed upon by any person. That is, the moral rights will last forever.

Moral rights belong exclusively to the author and are not alienable (Article 21, Copyright Act).

Moral rights belong exclusively to the author and are also not transmissible upon death.

5. Copyright Management

5.1 Anti-circumvention Right

"Technological protection measures" refers to equipment, devices, components, technology or other technological means employed by copyright owners to effectively prohibit or restrict others from accessing or exploiting works without authorisation (Article 3(1)(XVIII), Copyright Act).

Article 80 bis(1–4) of the Copyright Act provides as follows: "Technological protection measures employed by copyright owners to prohibit or restrict others from accessing works shall not, without legal authorisation, be disarmed, destroyed, or by any other means circumvented. Any equipment, device, component, technology

or information for disarming, destroying, or circumventing technological protection measures shall not, without legal authorisation, be manufactured, imported, offered to the public for use, or offered in services to the public. The provisions of the preceding two paragraphs shall not apply in the following circumstances:

1. where to preserve national security;
2. where done by central or local government agencies;
3. where done by file archive institutions, educational institutions, or public libraries to assess whether to obtain the information;
4. where to protect minors;
5. where to protect personal data;
6. where to perform security testing of computers or networks;
7. where to conduct encryption research;
8. where to conduct reverse engineering;
9. where to exploit works of others in accordance with the provisions of Articles 44 through 63 and Article 65; and
10. under other circumstances specified by the competent authority.

The content in the subparagraphs of the preceding paragraph shall be prescribed and periodically reviewed by the competent authority”.

Article 96 semel of the Act provides: “In any of the following circumstances a sentence of up to one year imprisonment or detention shall be imposed, or in lieu thereof or in addition thereto, a fine of not less than TWD20,000 and not more than TWD250,000:

1. violation of Article 80 semel; and
2. violation of paragraph 2 of Article 80 bis”.

5.2 Copyright Management Information: Legal Remedies

“Electronic rights management information” means electronic information presented on the original or copies of a work, or at the time of communication of the content of a work to the public, sufficient to identify the work, the name of the work, the author, the economic rights-holder or person licensed thereby, and the period or conditions of exploitation of the work, including numbers or symbols that represent such information (Article 3(1)(XVII), Copyright Act).

Electronic rights management information put in place by a copyright owner may not be removed or altered except in the following circumstances:

- where removal or alteration of electronic rights management information of the work is unavoidable in the lawful exploitation of the work, given technological limitations at the time of the act; or
- where the removal or alteration is technically necessary to conversion of a recording or transmission system (Paragraph 1).

Whoever knows that electronic rights management information of a work has been unlawfully removed or altered may not distribute it or, with intent to distribute it, import or possess the original or any copy of such work. Such person also shall not publicly broadcast, publicly perform, nor publicly transmit the same (Paragraph 2, Article 80 semel, Copyright Act).

Where the provisions regarding electronic rights management information and technological protection measures are violated, a sentence of up to one year’s imprisonment or detention will be imposed, or in lieu thereof or in addition thereto, a fine of not less than TWD20,000 and not more

than TWD250,000 (Article 96 *semel* (I), Copyright Act).

6. Collectives

6.1 Collective Rights Management System

Economic rights-holders may, with the approval of the competent agency in charge of copyright matters, establish copyright collective management organisations (CMOs) for the purpose of exercising rights or collecting and distributing remuneration for use. Exclusive licensees may also join copyright collective management organisations. Approval for establishment and organisation and capacities of the organisations, as well as supervision and guidance thereof, are regulated under the Copyright Collective Management Organisation Act or CCMOA (Article 81, Copyright Act).

Taiwan's system allows for the existence of several collecting societies. CMOs provide copyright collective management services, including those for the management of economic rights on behalf of multiple economic rights-holders, in which uniform royalty rates and methods for distribution of royalties are adopted as the basis for collection and distribution of royalties, and in which licence agreements with users are established in the name of those providing the management (Articles 3(1) and 3(2), CCMOA). A CMO may prepare an individual licence agreement, under which the exploitation of specific economic rights under management of the CMO is licensed to a user in return for remuneration (Article 3(3), CCMOA). Likewise, a CMO may prepare a blanket licence agreement, under which all economic rights under management of the CMO are licensed to a user for a specific period without restriction on usage (Article 3(4),

CCMOA). A CMO may also prepare an agreement on the management of economic rights and the distribution of the fees for usage awarded to their rights-holder(s) (Article 3(5), CCMOA).

6.2 Powers and Functions

A CMO's powers and functions are as follows:

- a CMO will provide collective management services for members, and collect management fees at the stipulated rate or in the stipulated amount (Articles 23(1) and 23(2), CCMOA);
- a CMO will stipulate rates for usage and dates for implementation thereof for the forms of exploitation of economic rights under its management (Article 24(1), CCMOA); and
- when a blanket licence agreement is involved, a CMO will provide users with a choice of fee-collection methods of either a fixed sum or ratio and an amount set on a per use, per work basis (Article 24(2), CCMOA).

Examples of CMOs are as follows:

- the Music Copyright Society of Chinese Taipei (MUST) for musical works – management of the rights of public broadcast, public performance and public transmission;
- the Association of Recording Copyright Owners (ARCO) for sound recordings – management of the rights of public broadcast and the necessary reproduction for their public broadcast, remuneration claim for the public performance, rights of public transmission and the necessary reproduction for their public transmission, and for audio-visual works, management of the rights of public broadcast, public presentation, public transmission, and the necessary reproduction for their public transmission; and

- the Recording Copyright and Publications Administrative Society of Chinese Taipei (PART) for sound recordings – management of the rights of public broadcast and remuneration claims for public performance.

6.3 Synchronisation Rights

Synchronisation rights are part of the rights of reproduction and public transmission, provided these will not apply when a broadcaster communicates to the public through public broadcasting or synchronous public transmission an advertisement in which a work has been reproduced under authorisation (Article 37(6)(IV), Copyright Act).

7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

Taiwan's system provides both a general clause and a list dealing with exceptions to copyright. Article 65(1) of the Copyright Act provides that fair use of a work will not constitute infringement of the economic rights in the work, while Article 65(2) of the Act provides that in determining whether the exploitation of a work complies with the reasonable scope referred to in the provisions of Articles 44–63 of the Copyright Act or other conditions of fair use, all circumstances will be taken into account. The statutory list, namely Articles 44–63 of the Copyright Act, is comprehensive but not exhaustive.

The following should be considered in determining whether the use of a work in a particular case is fair or allowable without the copyright holder's consent:

- the purposes and nature of the exploitation, including whether such exploitation is of a commercial nature or for non-profit educational purposes;
- the nature of the work;
- the amount and substantiality of the portion exploited in relation to the work as a whole; and
- the effect of the exploitation on the work's current and potential market value (Article 65(2), Copyright Act).

The list, namely Articles 44–63 of the Copyright Act, provides types of exceptions of copyrights, each of which is related to one or more copyrights.

7.2 Private Copying

To a reasonable extent, central or local government agencies may reproduce the work of another person if it is considered necessary for internal reference for the purpose of legislation or administration (Article 44, Copyright Act). To a reasonable extent, and for the sole purpose of use necessary for judicial proceedings, the works of another person may be reproduced (Article 45(1), Copyright Act). To a reasonable extent, and where necessary for the purpose of teaching in schools, all levels of legally established schools and their teachers may reproduce the works of another person that have already been publicly released (Article 46(1), Copyright Act). To a reasonable extent, and for the purpose of preparing pedagogical texts for which review and approval by an education administrative agency are required by act or regulation, or where an education administrative agency prepares pedagogical texts itself, the works of another person that have been publicly released may be reproduced, adapted, or compiled (Article 47(1), Copyright Act). The owner of the original legal copy of an artistic work or photographic work, or a person authorised by the owner, may publicly display such original or legal copy of the

work (Article 57(1), Copyright Act). The owner of a legal copy of a computer program may alter the program where necessary for utilisation on a machine used thereby, or may reproduce the program as necessary for back-up; however, this is limited to the owner's personal use (Article 59(1), Copyright Act). Owners of originals of works and lawful copies of works may rent out such original works or copies; however, this does not apply to sound recordings and computer programs (Article 60(1), Copyright Act).

7.3 Reproductions: Cultural Goods/ Buildings

Artistic works or architectural works displayed on a long-term basis on streets, in parks, on the outside walls of buildings, or other outdoor spaces open to the public, may be exploited by any means except under the following circumstances:

- reproduction of a building by means of construction;
- reproduction of a work of sculpture by means of sculpture;
- reproduction for the purpose of long-term public display in spaces specified in this article; and
- reproduction of artistic works solely for the purpose of selling copies (Article 58, Copyright Act).

7.4 Intermediaries

Connection Service Provider

A connection service provider will not be liable for damages for infringement of the copyright or plate rights of another by a user of its service if: “1. the transmission of the information was initiated by or at the request of the user; and 2. the transmission, routing, provision of connections, or storage is carried out through an automatic technical process, without any selec-

tion of the material or modification of its content by the connection service provider” (Article 90 quinques, Copyright Act).

Caching Service Provider

A caching service provider will not be liable for damages for infringement of the copyright or plate rights of another by a user of its service if: “1. the service provider does not make any modification to the cached information; 2. when the person who made the original information available subsequently updates, deletes, or blocks access to it, the cached information is done in the same way as a result of an automatic technical process; and 3. the service provider responds expeditiously to remove, or disable access to, the allegedly infringing content or related information upon notification by a copyright holder or plate rights-holder of the alleged infringement by the user of the service provider” (Article 90 sexies, Copyright Act).

Information Storage Service Provider

An information storage service provider will not be liable for damages for infringement of the copyright or plate rights of another by a user of its service if the service provider: “1. does not have knowledge of the allegedly infringing activity of the user; 2. does not receive a financial benefit directly attributable to the infringing activity of the user; and 3. responds expeditiously to remove, or disable access to, the allegedly infringing content or related information upon notification by a copyright holder or plate rights-holder of the alleged infringement by the user of the service provider” (Article 90 septies, Copyright Act).

Search Service Provider

A search service provider will not be liable for damages for infringement of the copyright or plate rights of another by a user of its service if

the service provider: “1. does not have knowledge that the searched or linked information may be infringing; 2. does not receive a financial benefit directly attributable to the infringing activity of the user; and 3. responds expeditiously to remove, or disable access to, the allegedly infringing content or related information upon notification by a copyright holder or plate rights-holder of the alleged infringement by a user of the service provider” (Article 90 octies, Copyright Act).

Internet Service Provider

An internet service provider will not be liable for damages to the allegedly infringing user if the service provider: “1. removes, or disables access to, the allegedly infringing content or related information in accordance with Articles 90 sexies to 90 octies; or 2. upon obtaining knowledge of suspected infringement by the user, acts in good faith to remove, or disable access to, the allegedly infringing content or related information” (Article 90 decies, Copyright Act).

7.5 Satire and Parody

Taiwan does not establish an exception to copyright for satire and/or parody. The TIPO has proposed to add these exceptions into an amendment draft in the past, but the proposal was protested by many copyright owners because they are unwilling to have their works altered, distorted or mutilated. Finally, the TIPO withdrew the relevant proposal, so satire and/or parody still need to be dealt with under general fair-use provisions.

7.6 Freedom of Speech/Right of Information

In Taiwan’s system, when there is a violation of freedom of speech/right of information/other human rights, this is mainly evaluated under general fair-use provisions, as discussed in 7.5

Satire and Parody. The Copyright Act also provides that to a reasonable extent, works that have been publicly released may be quoted where necessary for reports, comment, teaching, research, or other legitimate purposes (Articles 44–47 and 52, Copyright Act).

8. Neighbouring Rights

8.1 Neighbouring Rights

Protections of neighbouring rights for performers, producers of phonograms and broadcasting organisations are not implemented through an independent chapter or regime, but through independent articles or paragraphs in the Copyright Act (eg, for a performance work, Articles 7 semel, 22(1), 24(1), 26(2), 26b(2), 28b(2) and 29(2) of the Copyright Act).

Since neighbouring rights are protected as regular copyrights, their protection for economic/moral rights is basically the same as that of regular copyrights. Accordingly, they are alienable, and transmissible on death. Nevertheless, they are subject to some exceptions – ie, some rights are relatively restricted. For example, while performers have the exclusive right to publicly perform using loudspeakers or other equipment, this does not apply to public performances using loudspeakers or other equipment after that performance has been reproduced or publicly broadcast (Article 26(1), Copyright Act).

There are societies that specifically manage neighbouring rights:

- the Association of Recording Copyright Owners (ARCO) for sound recordings, which manages rights of public broadcast and necessary reproduction for the purpose of public broadcast, remuneration claims for public

performance, rights of public transmission and necessary reproduction for the purpose of public transmission; and

- the Recording Copyright and Publications Administrative Society of Chinese Taipei (PART) for sound recordings, which manages rights of public broadcast and remuneration claims for public performances.

8.2 Transferring/Licensing/Sale

Since neighbouring rights are protected as regular copyrights in Taiwan, there are no specific types of contracts to transfer, license or sell neighbouring rights, in view of the fact that some specific exceptions have been explicitly provided in the Copyright Act.

8.3 Exceptions

Since neighbouring rights are protected as regular copyrights in Taiwan, exceptions to copyright are generally applicable to neighbouring rights.

9. Infringement and Litigation

9.1 Types of Infringement

The following cases constitute an infringement of copyright:

- to release a work publicly without the consent of the author (Article 15(1), Copyright Act);
- to indicate or not indicate the name of the author of a work on an original or any copy thereof, or when the work is publicly released without the consent of the author (Article 16(1), Copyright Act);
- to distort, split, tamper with or otherwise change the content, form or name of a work, thereby damaging the author's reputation (Article 17, Copyright Act);

- to reproduce a work without the consent or licence of the economic rights-holder (Article 22(1), Copyright Act);
- to publicly recite an oral and literary work without the consent or licence of the economic rights-holder (Article 23, Copyright Act);
- to publicly broadcast a work without the consent or licence of the economic rights-holder (Article 24(1), Copyright Act);
- to publicly present an audio-visual work without the consent or licence of the economic rights-holder (Article 25, Copyright Act);
- to publicly perform an oral and literary, musical or dramatic/choreographic work without the consent or licence of the economic rights-holder (Article 26(1), Copyright Act);
- to publicly transmit a work without the consent or licence of the economic rights-holder (Article 26-1(1), Copyright Act);
- to publicly display an original or any copy of unpublished fine art or photographic work without the consent or licence of the economic rights-holder (Article 27, Copyright Act);
- to adapt a work into a derivative work or to compile works into a compilation work without the consent or licence of the economic rights-holders (Article 28, Copyright Act);
- to distribute a work through transfer of ownership without the consent or licence of the economic rights-holder (Article 28 *semel*(1), Copyright Act); and
- to rent out a work without the consent or licence of the economic rights-holder (Article 29(1), Copyright Act).

The following cases are also deemed an infringement of copyright (Article 87(1), Copyright Act):

- to use a work in such a way as to damage the reputation of the author;
- to import a copy of a work reproduced without the licence of the economic rights-holder;

- to import the original or a copy legally reproduced abroad of a work without the licence of the economic rights-holder;
- to use a copy of a computer program that infringes on the economic rights therein for business purposes;
- to distribute articles that are known to infringe on economic rights by any means other than transfer of ownership or rental, or to publicly display or possess such articles with intent to distribute;
- to provide public computer programs or other technology that can be used to transmit or reproduce a work publicly, with the purpose of allowing the public to infringe economic rights by means of public transmission or reproduction of the work through the internet, without the consent or licence of the economic rights-holder, and to receive benefit thereby;
- to provide the public with access to works on the internet, knowing that broadcasting or transmitting the works publicly in such a way infringes economic rights, with the following intent and to receive benefit therefrom:
 - (a) to provide the public with computer programs which have aggregated the Internet Protocol Addresses of such works;
 - (b) to direct, assist or preset paths to the public for using computer programs in the preceding item; and/or
 - (c) to manufacture, import or sell equipment or devices preloaded with the computer programs of the first item.

In addition, privacy is basically protected by civil law (Articles 184(1) and 195(1), Civil Code). It may play a role in relation to copyright infringement because in some respects, privacy is similar to the moral rights of a copyright. Specifically, the author enjoys the right to disclose their work publicly under Article 15(1). Accordingly, if

a strict privacy policy were to be applied, a work could not be disclosed and infringement could occur. Likewise, privacy plays a role in the information society since, if civilisation is advanced by the disclosure of a work, human history may not evolve at the present pace if such a strict privacy policy is exercised.

9.2 Defences

The defences against infringement can generally be categorised into the following two types.

- Defences against infringement of moral rights: These normally apply to situations where the author does not own the copyright. For example, a public servant authors a work owned by the agency (Article 15(1), Copyright Act). There are ownership transfers before a work is published (Articles 15(2) and 15(3), Copyright Act). For the purposes or methods of using a work, the interests of an author are not damaged (Article 16, Copyright Act). There is a situation where it is presumed not to be in violation of the author's will (Article 18, Copyright Act).
- Defences against infringement of economic rights: These relate mainly to the fair use of works. For example, Articles 22(2), 44–63, 65 and 87 *semel*(1) of the Copyright Act.

9.3 Proceedings

The following kinds of proceedings are available to the author or economic rights-holder of a work:

- proceedings to claim stopping of infringement (Article 84, Copyright Act);
- proceedings to claim prevention of infringement (Article 84, Copyright Act);
- proceedings to claim mental damage compensation (Article 85(1), Copyright Act);

- proceedings to claim indication of the author's name, correction of content, or adoption of other appropriate measures necessary for restoration of the author's reputation (Article 85(2), Copyright Act);
- proceedings to claim property damage compensation (Article 88(1), Copyright Act);
- proceedings to claim destruction of infringing articles (Article 88 *semel*, Copyright Act);
- proceedings to claim publication of the judgment (Article 89, Copyright Act);
- proceedings to request customs seizure (Article 90(1), Copyright Act);
- proceedings to request issuance of a payment order (Articles 508(1) and 510, Code of Civil Procedure; Article 21, Intellectual Property Case Adjudication Act); and
- proceedings to request a preliminary injunction (Articles 522(1), 532(1) and 538(1), Code of Civil Procedure; Article 22, Intellectual Property Case Adjudication Act).

According to Article 7 *semel* of the Copyright Act, a performance by a performer of a pre-existing work or folklore creation will be protected as an independent work. Therefore, a performer of a work will be protected as an independent author (economic rights-holder) of a work, and neighbouring rights (economic rights of a performer) thereof will be protected as independent rights (economic rights). The same remedies and judicial procedure applicable to copyrights will apply *mutatis mutandis* to neighbouring rights.

Moral rights are protected in Taiwan (Articles 15(1), 16(1) and 17(1), Copyright Act) and can be enforced by the author (moral rights-holder) in court proceedings (Article 85, Copyright Act).

Plate Rights

There is a particular type of copyright that has a different regime, namely plate rights. Specifi-

cally, for a literary or artistic work having no or extinguished economic rights, a plate-maker, who arranges and prints the literary work or reproduces it by photocopy, print or the like and first publishes the original artistic work, and causes it to be recorded in accordance with this Act, will have the exclusive rights to reproduce the plate by photocopy, print or the like under Article 79(1) of the Copyright Act. Accordingly, the burden of proof for plate rights in infringement proceedings may be heavier, but it is nonetheless clear cut in curbing any rights dispute. The regulations governing recordation of plate rights, their transfer, their trust, and other requisite matters is prescribed by the competent authority (Article 79(5), Copyright Act). Without such recordation, the plate-maker has no *locus standi* to act against a third party (Article 79(4), Copyright Act). Under a different regime, the plate rights may only be enjoyed for ten years (Article 79(2), Copyright Act).

The alleged infringer is allowed to file non-declaratory infringement proceedings (Article 247(1), Code of Civil Procedure).

Disputes arising from property rights (including copyrights) where the amount or value of the disputed subject is less than TWD500,000, will be subject to mediation by the court before an action is initiated (Article 403(1)(XI), Code of Civil Procedure). Formal cease-and-desist letters are popular, although not required.

The first or second instance normally takes around six months to one year, and the third instance takes about one year for a formality-dismissing decision and may take two or more years for a substantive decision.

9.4 Jurisdiction

The judges of the Intellectual Property Court are equipped with competent IP knowledge. Accordingly, a copyright holder normally initiates infringement proceedings before the Intellectual Property Court (Article 3(1), Intellectual Property Court Organisation Act; Article 7, Intellectual Property Case Adjudication Act). However, a copyright holder may either initiate infringement proceedings before a common court (ie, a district court), or the copyright holder (plaintiff) and the alleged infringer (defendant) may designate a common court to exercise jurisdiction by a written agreement (Article 24, Code of Civil Procedure). That is, it is not mandatory to initiate copyright infringement proceedings before a specialised court, such as the Intellectual Property Court.

9.5 Necessary Parties

The necessary parties to infringement proceedings are summarised as follows.

For moral rights infringement proceedings, the necessary parties to the proceedings are the author (moral rights-holder, plaintiff) and the alleged infringer (defendant) (Articles 84 and 85, Copyright Act). For economic rights infringement proceedings, the necessary parties to the proceedings are outlined as follows:

- where no licence has been issued, the necessary parties to the proceedings are the author (economic rights-holder, plaintiff) and the alleged infringer (defendant) (Articles 84 and 88, Copyright Act);
- where a non-exclusive licence has been issued, the necessary parties to the proceedings are the author (economic rights-holder, plaintiff) and the alleged infringer (defendant) – the non-exclusive licensee is not allowed to file infringement proceedings in their own

name within the scope of the licence under Article 37(3) of the Copyright Act, but they are allowed to participate in the proceedings under Article 58(1) of the Code of Civil Procedure; and

- where an exclusive licence has been issued, the necessary parties to the proceedings are the exclusive licensee (plaintiff) and the alleged infringer (defendant) within the scope of the licence – the exclusive licensee is allowed to file infringement proceedings in their own name within the scope of the licence, while the author (economic rights-holder) is not allowed to file infringement proceedings in their own name within the scope of the licence (Article 37(4), Copyright Act).

9.6 Third Parties

According to Article 63 of the Code of Civil Procedure, a third party involved in the proceedings (the intervener – eg, a non-exclusive licensee) will not argue the appropriateness of a decision made in the action against the assisted party (eg, the author), except where the intervener has been denied a means of attack or defence either due to the phase of the litigation at the time of the intervention or by an act of the assisted party, or where the assisted party has wilfully, or through gross negligence, failed to employ certain means of attack or defence unknown to the intervener (Article 63(1), Code of Civil Procedure). In addition, this rule shall apply *mutatis mutandis* to the assisted party with respect to the intervener.

9.7 Urgent and Interim Measures

Urgent measures (interim or preliminary injunctions) are available for rights-holders. They include “provisional attachments” (Article 522(1), Code of Civil Procedure), “provisional injunctions” (Article 532(1), Code of Civil Procedure) and “injunctions maintaining a temporary status

quo” (Article 538(1), Code of Civil Procedure). Urgent measures may be requested before filing infringement proceedings on the merits (Articles 529(1), 533 and 538-4, Code of Civil Procedure).

Requirements to File Urgent Proceedings

Provisional attachment

A creditor may apply for a provisional attachment with regard to a monetary claim or claim changeable into a monetary claim for the purpose of securing satisfaction of a compulsory execution (Article 522(1), Code of Civil Procedure). No provisional attachment will be granted unless the impossibility or extreme difficulty in satisfying the claim by a compulsory execution in the future can be shown (Article 523(1), Code of Civil Procedure).

Provisional injunction

A creditor may apply for a provisional injunction with regard to non-monetary claims for the purpose of securing satisfaction of a compulsory execution (Article 532(1), Code of Civil Procedure). No provisional injunction will be granted unless the impossibility or extreme difficulty in satisfying the claim by a compulsory execution in the future due to a change in the status quo of the claimed subject can be shown (Article 532(2), Code of Civil Procedure).

Injunction maintaining temporary status quo

For injunctions maintaining a temporary status quo, wherever necessary for the purpose of preventing material harm, imminent danger or other similar circumstances, an application may be made for an injunction maintaining a temporary status quo with regard to the disputed legal relationship (Article 538(1), Code of Civil Procedure). A ruling for an injunction maintaining a temporary status quo may be issued only where the disputed legal relationship may be ascertained

in an action on the merits (Article 538(2), Code of Civil Procedure).

9.8 Role of Experts

Expert testimony or surveys are used as a kind of evidence in proceedings, including copyright proceedings. In making a judgment, the court will, taking into consideration the entire import of the oral argument and the result of investigation of the evidence, determine the facts by discretionary evaluation (Article 222(1), Code of Civil Procedure). Specifically, expert testimony and surveys are normally helpful evidence for the court in making a judgment, but are not compulsory in or binding on the court. They are not generally used by the courts when dealing with protection and/or infringement of copyrighted works because judges have the right of independent trial or judgment and are usually autonomous. However, exceptions apply in specific situations, such as when a software source code or object code or the methodology in an IC chip or module needs to be decrypted, which generally cannot be touched by bare hands or seen by the naked eye.

9.9 Counterfeits and Parallel Imports

There are provisions for customs seizures of counterfeits and parallel imports. That is, the import and export of counterfeits and parallel imports are both illegal (Articles 87(1)(III) and 87(1)(IV), Copyright Act). A customs seizure procedure for counterfeits and parallel imports is typically as follows:

- the customs authority finds that the imported or exported articles are likely to be counterfeits or parallel-import infringing articles;
- the customs authority presents a notice to the economic rights-holder or its representative or agent in Taiwan and requests its appearance before the customs for identifi-

cation, while giving a notice to the importer or exporter at the same time, requesting its provision of relevant evidence of non-infringement;

- the economic rights-holder identifies the articles as counterfeits or parallel imports and provides relevant evidence of infringement;
- the importer or exporter provides relevant evidence of non-infringement;
- the economic rights-holder files an application with the customs authority for seizure of the articles;
- the customs authority seizes the articles; and
- the economic rights-holder brings a copyright infringement action before the Intellectual Property Court and gives a notice to the customs authority.

9.10 Remedies and Sanctions

Preservation of Evidence

Under Taiwan's legal system, a party to a copyrights matter may obtain relevant information and evidence from the other party or a third party by way of evidence preservation. Specifically, whenever it is likely that evidence may be destroyed or its use in court may become difficult, with the consent of the opposite party, the party may move the court for preservation of such evidence. Where necessary, the party which has legal interest in ascertaining the status quo of a matter or object may move for expert testimony, inspection or preservation of documentary evidence (Article 368(1), Code of Civil Procedure; Article 1, Intellectual Property Case Adjudication Act). Where no action on the merits has been initiated, a motion for preservation of evidence will be made before the court where the action is to be brought; where the action has been initiated, such motion will be made before the court where the action is pending (Article 18(1), Intellectual Property Case Adjudication Act).

Seizure or Attachment

The rights-holder may request the urgent seizure of the infringers' goods and bank accounts if there is a danger that it may not be possible to recover the amount due for compensation for damages. Specifically, the rights-holder may apply for a provisional attachment with regard to its damages claim, which is a monetary claim. The rights-holder is required to show the impossibility or extreme difficulty in satisfying the claim by a compulsory execution in the future (Article 523(1), Code of Civil Procedure).

Urgent Measures Addressing Intermediaries

The intermediaries – either distributors or internet service providers or the like – who are involved in the infringing activities may be addressed with urgent measures as requested by the rights-holder, if the measures are proper and there is a balance of rights' protections between the rights-holder and the involved intermediary.

Penalties

A person (natural person or legal person) who infringes on the copyrights of another person is subject to criminal penalties (eg, fixed-term imprisonment, detention, fine or confiscation). The detailed types of offence and relevant penalties are set out in Chapter 7 of the Copyright Act.

9.11 Administrative or Criminal Offences

Copyright infringement may additionally constitute either a criminal offence to be pursued through criminal proceedings (Chapter 7, Copyright Act), or an administrative offence to be enforced through administrative means (Article 97-1, Copyright Act).

Criminal Offence

The following steps are possible in criminal proceedings:

- the author (copyright holder) files a complaint with a judicial police officer;
- the judicial police officer sends the result of their investigation to a public prosecutor;
- the public prosecutor initiates a public prosecution with a district court;
- the district court hands down a judgment of guilty;
- the accused or alleged infringer appeals to the Intellectual Property Court;
- the Intellectual Property Court refuses the appeal of the accused infringer;
- the accused infringer appeals to the Supreme Court; and
- the Supreme Court refuses the appeal of the accused infringer.

Administrative Offence

As for administrative penalties, according to Article 97 *semel* of the Copyright Act, when an enterprise, by means of public transmission, infringes on the economic rights of another person and is convicted by a court, it must immediately cease such activities. If not, the competent authority, after inviting specialists, scholars and related enterprises to find that there is a serious infringement significantly affecting the rights and interests of the economic rights-holder, will prescribe a period of one month for the enterprise to take corrective action. Should the enterprise fail to do so, the competent authority may order suspension or compulsory termination of the enterprise's business.

Enforcement of Decisions

Decisions in copyright-infringement proceedings (civil proceedings) are enforced by a common court – ie, a district court, rather than the Intellectual Property Court (Article 1(1), Compulsory Enforcement Act). This differs from the enforcement of decisions in administrative proceedings, which are subject to the jurisdiction of the IP

Court (Article 3(3), Intellectual Property Court Organisation; Article 31(1), Intellectual Property Case Adjudication Act). In addition, a civil compulsory enforcement is subject to the jurisdiction of the court of the place where the object to be enforced is located or the place where the enforcement actions will be conducted (Article 7(1), Compulsory Enforcement Act). For the purpose of moving for a compulsory enforcement, the creditor (eg, copyright holder) must submit a brief manifesting the following particulars to the competent court: (a) parties and their statutory agents; and (b) claims requested to be realised (Article 5(1), Compulsory Enforcement Act).

9.12 Appellate Procedure

There are special provisions concerning the appellate procedure for copyright proceedings in respect of the jurisdiction. Courts having jurisdiction to hear an appeal in copyright proceedings are as follows:

- civil litigation:
 - (a) second instance (first appeal) – Intellectual Property Court (Article 3(1), Intellectual Property Court Organisation Act; Article 19, Intellectual Property Case Adjudication Act); and
 - (b) third instance (second appeal) – Supreme Court (Article 20, Intellectual Property Case Adjudication Act); or
- criminal litigation:
 - (a) second instance (first appeal) – Intellectual Property Court (Article 3(2), Intellectual Property Court Organisation Act; Article 25(1), Intellectual Property Case Adjudication Act) or collegiate bench of the District Court (Article 455 *semel*(1), Code of Criminal Procedure; Article 1, Intellectual Property Case Adjudication Act); and

- (b) third instance (second appeal) – Supreme Court (Article 26, Intellectual Property Case Adjudication Act).

Civil Cases

For civil cases, in the second instance (first appeal), there are both factual and legal reviews, and this is subject to a successive review. Specifically, the parties may present additional means of attack or defence, including additional arguments or defences, additional facts and/or additional evidence (eg, new documents). The appellate court, however, does not review evidence that was presented and investigated in the first instance; it also does not review arguments or defences or facts that were presented and investigated in the first instance, if no extra supplemental evidence is presented in the second instance (Article 447(1), Code of Civil Procedure; Article 1, Intellectual Property Case Adjudication Act). In the third instance (second appeal), there is only legal review.

Criminal Cases

For criminal cases, in the second instance (first appeal), there are both factual and legal reviews, too, and this is subject to a repetitive review. Specifically, the parties may present additional means of attack or defence, including additional arguments or defences, additional facts and/or additional evidence (eg, new documents). The appellate court also reviews arguments or defences, facts and/or evidence that were presented and investigated in the first instance (Article 364, Code of Criminal Procedure; Article 1, Intellectual Property Case Adjudication Act). In the third instance (second appeal), there is only legal review.

9.13 Costs

Court fees should be paid by the party to the proceedings. The court fees for every instance of a civil litigation (eg, copyright infringement action) can be calculated by using a calculating programme (see www.judicial.gov.tw/assist/count.html).

The losing party is responsible for paying the court fees (Article 78, Code of Civil Procedure). As for attorney's fees, the parties are responsible for paying their own. Specifically, the losing party is not required to reimburse the prevailing party for their attorney's fees.

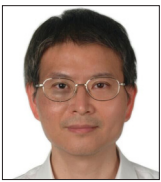
9.14 Alternative Dispute Resolution

For some disputes, alternative dispute resolution is compulsory (Article 403, Code of Civil Proceedings). Nevertheless, alternative dispute resolution is currently neither a common way nor a compulsory element of settling a copyright case in Taiwan, although the parties or the court may make an attempt to use it.

Deep & Far Attorneys-at-Law has a copyright team of three attorneys, one patent attorney and five law experts. There is no regular copyright registration system in Taiwan because copyright is obtained automatically when a work is completed. However, the firm's services include the following: legal consultation on copyrights; application for registration or recordation of some copyrights; application for approval for use of a work of an unknown economic rights-holder;

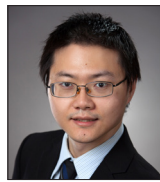
application for registration of a pledge of economic rights to work; investigation of copyright infringement; assignment or licensing of economic rights to work; and dispute settlement for copyrights, including amicable settlement, mediation and litigation. More broadly, the firm focuses on intellectual property rights, including patents, trade marks, trade secrets, unfair competition, and/or licensing, counselling, litigation and/or transaction thereof.

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Trends and Developments

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Reports and Reviews of Some Recent Important Internet Copyright Cases

Introduction

Recent developments in digital technology have introduced new and diverse uses of internet copyright, for example peer-to-peer (P2P), embedded links, set-top boxes and apps, etc. As the scope of use for copyright has increased, related controversies and disputes have also ensued. Therefore, it is important for copyright holders to understand how to protect their rights and for users to understand legal copyright use.

This article summarises some critical cases involving topics such as app copyright infringement, illegal distribution of set-top boxes, online gaming, repurposing photos, posts/content or video clips from other persons for online retail or e-commerce businesses, etc.

Case briefs

Is it an infringement to use an app to provide hyperlinks to illegal videos?

This case is the first in Taiwan where the defendants infringed others' copyright property rights by providing hyperlinks to illegal videos through an app. The app was developed and put on shelves by the defendants and captured hyperlinks to illegal videos uploaded by others, and provided app users with links to watch the videos. The case is a criminal case and went through the prosecutor's office, district court, Intellectual Property Court ("IP Court") and Supreme Court. The court finally held that although providing the hyperlinks per se did not involve the use of copyrighted works and was not an act of "public transmission" under the Copyright Law, the

defendant's behaviour did cause an act of assisting illegal public transmission, which constituted an infringement of copyright property rights.

Copyright issues involved in selling illegal set-top boxes

The defendant in this case imported and sold set-top boxes with apps for watching TV programmes, and taught consumers how to use them, but did not obtain the authorisation of the copyright owners of such TV programmes, and only sought licensing from another ineligible company that could not confirm whether the copyrights of the TV programmes had been authorised. The case is a civil case and went through the first instance in the Intellectual Property and Commercial Court ("IPC Court"), which was reorganised from the IP Court. The court held that the defendant violated the duty of care and acted negligently, and should bear the civil liability for damages for infringement of the right of public transmission.

Copyright issues involved in illegal video and audio hyperlinks on the internet

The defendant in this case entrusted others to develop an app to capture the hyperlinks to illegal videos, and leased site positions in the app to allow the app users to link to external websites for watching illegal videos. Since a Uniform Resource Locator (URL) is not a work, providing a URL hyperlink is not an act of exploiting the copyrighted work. However, if a person knows that the website linked by the URL has content that infringes the copyright of others, and the person still provides the hyperlink, the person may become an accomplice in the infringement

of the copyright. The case is a criminal case and went through the prosecutor's office and the district court. The court in this case ruled that the defendant's provision of illegal audio-visual hyperlinks assisted illegal public transmission and infringed the complainant's copyright.

Copyright issues related to online game screens and graphics

In this case, the plaintiff obtained exclusive licensing for a game's software and launched the software on its game platform. The game involves an interface which allows the player to choose a matrix diagram including five columns with fields in the configuration of "3 × 4 × 5 × 4 × 3" from the left-hand column to the right-hand column in combination of the appearance presented by "numbers", "square grids" and "colours". This configuration allows players to quickly and easily understand 720 types of gameplays. The case is a civil case and went through the first instance in the IPC Court. The court in this case ruled that the game software is a computer program work protected by the Copyright Law, but the matrix diagram expressing the gameplay and game rules is not a graphic work protected by the Copyright Law because the matrix diagram is simply a combination of numbers one to five and a table. According to the Copyright Law, formulas, numerical tables and tables shall not be the subject of copyright. In addition, the matrix diagram only follows the online common gameplay or score combination descriptions of the online game and does not have any creativity height, is not creative, and is not a graphic work protected by Copyright Law. As for the copyrighted computer program work, the game software launched on the game platform is not substantially similar to the game in dispute, so the game in dispute also did not infringe the plaintiff's copyright.

Judgment on whether the person who uploads other people's videos can claim fair use

The plaintiff is engaged in the business of running social media and planning shopping mall activities. He participated in an expo held by the defendant company and uploaded the promotional video ("the disputed video"), shot during the exhibition, to a public YouTube audio-visual platform after editing and post-production. The defendant person downloaded the disputed video and conducted reproducing, editing and renaming ("the accused video"), and added the trademark used by the defendant company for the expo to the upper right corner of the accused video, and then uploaded the accused video to the YouTube audio-visual platform.

The case is a civil case and went through the first instance in the IPC Court. The court in this case stated that editing and uploading videos, on which others have copyrighted property rights, to online platforms involves reproduction and public transmission under the Copyright Law. If the user has not obtained licensing from the copyright owner, it must comply with the provisions of the Copyright Law for fair use to be legal. The court reviewed the defendant's use behaviours one by one, based on the four judgement criteria of fair use and all other circumstances, and found that the defendant's actions complied with the fair use provisions and thus did not constitute copyright infringement.

Is it possible to use other people's photos for goods sold online?

The plaintiff in this case claimed that the defendant reproduced photos and webpage content for which it had the copyright, and uploaded them to various major shopping platforms for commercial use and infringed the plaintiff's reproduction rights and public transmission rights. The photos were taken with a professional camera to explain

the texture and function of the product, and not just physical and mechanical display. The plaintiff's company team used the photos and the photos of its agent as the basis to arrange the content of the webpage for the sale of the product, making it easy for consumers to compare the difference with other products. The case is a civil case and went through the first instance in the IPC Court. In the end, the court held that the plaintiff's photos had reached the minimum level of creativity and belonged to the photographic works protected by the Copyright Law; the selection and layout of the web pages were creative and belonged to the editorial works protected by the Copyright Law, so the defendant's use had infringed on the plaintiff's copyrights.

Summary of copyright issues involved in the use of internet articles and pictures

The defendant in this case reproduced the plaintiff's articles and pictures used to promote tobacco harm reduction and smoke-free Taiwan, and uploaded them to its own website to sell e-cigarettes for profit. The plaintiff filed a lawsuit. The case is a civil case and went through the first instance in the IPC Court. The court held that the article translated by the plaintiff was a derivative work protected by the Copyright Law, and the pictures produced were only a collection of existing materials, not a manifestation of artistic skills, and not an art work protected by the Copyright Law; as for the article republished by the defendant, it belonged to the discussions on international e-cigarette issues, and was marked with source, and the plaintiff did not indicate that publishing was not allowed, nor was any other similar notice evident. Therefore, the defendant's use behaviour complies with the relevant special provisions of the Copyright Law and does not constitute copyright infringement.

The copyright issue of the songs played by the accompaniment player linked to YouTube

The defendant in this case installed computer accompaniment players in its business premises, the player was connected to an online audiovisual platform, operated by consumers themselves, and the songs were sung on demand. The case is a criminal case and went through the prosecutor's office and the district court. The court held that the defendant only provided machinery and equipment for consumers to connect to the internet to play the song. The defendant did not obtain the audio and video files of the song before providing or communicating the content to the public. Therefore, there is no act of public transmission, and no infringement of other's copyrights.

Copyright issues related to uploading other people's photos

In order to comment on other people's products, the defendant in this case downloaded the plaintiff's photos and annotated false text thereon to depreciate the plaintiff's products, and then uploaded them to the internet for commercial use, which involved reproduction and public transmission. However, the defendant claimed that it complied with the provisions of fair use in the Copyright Law. The case is a criminal case and went through the prosecutor's office, the district court and the IPC Court. After the case was heard by the court, it was considered that the photos taken by the plaintiff were original and creative, and belonged to photographic works protected by the Copyright Law, while the use by the defendant exceeded the reasonable scope and did not constitute fair use.

Copyright issues related to picking up and uploading concert content to social software

This case involves the use of concert content. In order to publicise a speech about building a

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concert stage, the defendant downloaded relevant content of a concert from the internet and edited the content to include photos of the entire stage, including concert images and posters that had nothing to do with the speech, and the content of the two songs sung by a singer in the concert, beyond the theme of the speech. The defendant then uploaded them to his personal Facebook account. Such acts involved reproduction and public transmission. The case is a criminal case and went through the prosecutor's office, the district court and the IPC Court. After the case was heard by the court, it was believed that the acts had exceeded the scope of fair use; and according to the provisions of the Copyright Law, the performer only had the right to public transmission for the reproduction of the performance in the sound recording work, but the singer of the plaintiffs in this case only performed in a live performance, and did not reproduce the performance in the sound recording. Therefore, the plaintiffs only had the reproduction right, and the defendant infringed the plaintiffs' reproduction right.

Conclusion

This article summarises some critical cases involving copyright issues related to digital technology or the internet, and each case study includes a brief description of key facts, relevant copyright issues and practical judicial insights, to help readers understand important concepts and judicial opinions regarding internet copyright disputes.

Although this article shows some successful cases in claiming copyrights through the Taiwan judicial system, the reader may find that most of the cases involved the issue of "reproduction", but not "adaptation". From the perspective of the author, in Taiwan, only when a defendant directly uses the original work to the extent that the contents of the original works reappear in the articles made by the defendant, the plaintiff can have a feasible case in a lawsuit. If the defendant already makes some modification to the original works, usually, it is difficult for the plaintiff to prevail in the lawsuit.

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application for registration of a pledge of economic rights to work; investigation of copyright infringement; assignment or licensing of economic rights to work; and dispute settlement for copyrights, including amicable settlement, mediation and litigation. More broadly, the firm focuses on intellectual property rights, including patents, trade marks, trade secrets, unfair competition, and/or licensing, counselling, litigation and/or transaction thereof.

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1. Statute and Treaties

1.1 Copyright Statutes

Parts I and II of the Copyright, Designs and Patents Act 1988 (the “Act”) govern copyright (and related rights) in the UK. The Act can be accessed online at [Copyright, Designs and Patents Act 1988 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/1988/48). CJEU case law also remains in force and binding on the English courts until there is a legislative change or the Court of Appeal or Supreme Court departs from it.

1.2 Conventions and Treaties

The UK is party to the Berne Convention (the UK ratified the Paris Act (1971) on 29 September 1989). It has also ratified both WIPO copyright treaties (namely, the WIPO Copyright Treaty (WCT) (1996) and the WIPO Performances and Phonograms Treaty (WPPT) (1996)). The UK is, and continues to be, an original member of the WTO. Following Brexit, the UK has confirmed its continuing acceptance and implementation of the TRIPS Agreement. There are no other significant international copyright conventions/treaties to which the UK is a party.

1.3 Foreign Copyright Holders

Foreign copyright holders need not follow any special steps to secure protection in the UK. Copyright material created by foreign nationals or residents which fall within the scope of international conventions to which the UK is a signatory (eg, those referred in **1.2 Conventions and Treaties**), is automatically protected in the UK.

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

For copyright to subsist:

- works must comply with the criterion of originality. The standard of originality is low and depends on the author having created the work through his own skill, judgment and individual effort, and not having copied from other works;
- the work must be fixed; ie, recorded in writing or in some other material form;
- the work must meet UK qualification requirements, either through the nationality of its author or through its place of first publication; and
- the relevant term of copyright must not have expired.

2.2 Special Notice and Registration of Works

Copyright subsists automatically, provided the work is fixed (see **2.1 Essential Elements of Copyright Protection**).

2.3 Categories of Copyrightable Works

The Act sets out a closed list of works that qualify for copyright protection: original literary, dramatic, musical or artistic works; sound recordings, films or broadcasts; and typographical arrangements of published works. However, CJEU case law, in particular in the *Cofemel* and *Brompton Bicycles* decisions, suggests that a closed list may be incompatible with the requirements of the *InfoSoc Directive* (Dir 2001/29). CJEU case law remains in force and binding on the English courts until there is a legislative change or the Court of Appeal or Supreme Court departs from it. The UK courts have endorsed this approach in *Shazam Productions Ltd v Only Fools The Dining Experience Ltd*. See **2.1 Essential Elements of Copyright Protection**, which addresses the prerequisites for copyright protection, including the definition of “fixation”.

2.4 Software

Under Section 3(1)(b) of the Act, computer programs (ie, software) are defined as “literary works” and as such, are protectable under copyright law in the UK. The scope of protection is the same as other literary works under the Act.

2.5 Databases

There are two types of intellectual property protection for databases:

- via a sui generis database right under the Copyright and Rights in Databases Regulations 1997; and
- protection of the structure of the database (ie, the selection or arrangement of the material in the database) as an original literary copyright work under Section 3(1)(d) of the Act. The requirements for copyright protection are as described in **2.1 Essential Elements of Copyright Protection**.

To obtain sui generis protection there needs to have been a substantial investment (financial, material and/or human) in either obtaining, the verification or the presentation of the database content. The term of protection for the sui generis right is 15 years, starting either from the creation date or from when the database was first made publicly available.

If a database meets the requirements for both copyright and sui generis right protections, the database can benefit from both forms of protection.

2.6 Industrial Design

Whilst there is likely no protection for industrial designs under the Act (due to its closed categories of copyright-protectable works, which have been interpreted narrowly, including in *Lucasfilm Limited and others (Appellants) v Ainsworth and*

Another (Respondents) [2011] UKSC 39), under CJEU decisions *Cofemel* and *Brompton Bicycles*, industrial designs may benefit from copyright protection provided that they are (i) original and (ii) an expression of the author’s intellectual creation.

3. Authorship and Copyright Ownership

3.1 Authorship

Subject to the responses to **3.2 Joint Authorship** to **3.5 Corporate Authorship** below, the author of a work is the person who creates the work and is usually the first owner of copyright in that work. The presumption is that the author will be:

- the person who creates a work for literary, dramatic, musical or artistic works;
- the producer of a sound recording;
- the producer and the principal director of a film;
- the publisher of a published edition;
- the person making a broadcast or effecting a retransmission of a broadcast;
- the publisher of a typographical arrangement; and
- the person making the arrangements necessary for the creation of the work for computer-generated works (including certain works created by artificial intelligence systems).

However, this may be amended by agreement. For example, it is possible for someone who would ordinarily be deemed to be the copyright owner to assign the benefit of future copyright, even prior to that work having been created.

3.2 Joint Authorship

The UK recognises joint authorship of copyright works. A work will be of joint authorship if it is

produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors. If the contribution is distinct, separate copyrights will subsist in each author's respective parts of the work.

A joint author will have individual rights that they can assign independently of the other author or authors. However, a joint owner cannot grant a licence which is binding on the other co-owners, nor can a joint owner grant an exclusive licence without the consent of the other co-authors.

3.3 Anonymous or Pseudonymous Works

Copyright protection is available to anonymous and/or pseudonymous works.

The use of these works by third parties will be non-infringing, provided that:

- it is not possible by reasonable inquiry to ascertain the identity of the author; or
- it is reasonable to assume that copyright has expired, or the author died 70 years before the beginning of the calendar year in which the use is made.

In the UK, the use of orphan works is governed by the Copyright and Rights in Performances (Licensing of Orphan Works) Regulations 2014 and the Copyright and Rights in Performances (Certain Permitted Uses of Orphan Works) Regulations 2014. Under these Regulations, those wishing to use orphan works can apply to the UK Intellectual Property Office ("UKIPO") for a non-exclusive licence to carry out certain acts.

3.4 Collective Works

In the UK, there are no specific provisions governing collective works, other than relating to anthologies under the Act.

The Act permits the inclusion of short passages from published literary or dramatic works in a collection which:

- is intended for use in educational establishments (provided that the works used are themselves not intended for use in such establishments);
- is so described in its title; and
- consists mainly of material in which no copyright subsists.

3.5 Corporate Authorship

Due to the wording of the Act, the author of a copyright-protectable work must be a natural person, with very limited and specific exceptions.

Works created by an employee in the course of employment will be first owned by the employer, subject to any agreement to the contrary. Where a work is created by a consultant/freelancer under a contract for services, the creator will retain copyright in the work, subject to contractual agreements to the contrary. An assignment of copyright is not effective unless it is in writing signed by or on behalf of the assignor; there are no other specific formalities – further to the usual requirements to validly conclude a contract under UK law – applicable to such agreements.

4. Rights Granted to Copyright Owners

4.1 Economic Rights

Copyright holders have the exclusive (economic) right to do or authorise the following:

- copying the work;
- issuing copies of the work to the public;
- renting or lending the work to the public;
- performing, showing or playing the work in public;
- communicating the work to the public; and
- adapting the work.

The copyright owner can restrict these acts in relation to the whole or any substantial part of the work.

In general, the terms of protection in the UK differ according to the type of copyright work and are as follows.

- Copyright in a literary, dramatic, musical or artistic work lasts for the life of the author plus 70 years from the end of the calendar year in which the author dies.
- Copyright in computer-generated literary, dramatic, musical or artistic works lasts 50 years from the end of the calendar year in which the work was made.
- Copyright in a film expires 70 years after the end of the calendar year in which the death occurs of the last to survive of the principal director, the author of the screenplay or dialogue and the composer of any music specifically created for the film.
- Copyright in a sound recording expires 50 years from the end of the calendar year in which the recording is made; or if, during that period, the recording is published, 70 years from the end of the calendar year in which it

was first published; or if, during that period, the recording is not published but is played or communicated in public, 70 years from the end of the calendar year in which it was first so made available.

- Copyright in a broadcast expires 50 years from the end of the calendar year in which the broadcast was made.
- Copyright in the typographical arrangement of a published edition expires at the end of the period of 25 years from the end of the calendar year in which the edition was first published

There are no circumstances allowing for the non-consensual termination of grants and/or recapture of rights per se. In a dispute, a defendant could argue that copyright does not subsist in the claimant's work or show that the claimant is not the true owner of copyright.

4.2 Alienable Rights

Economic rights are alienable under UK law. Under section 90 of the Act, copyright is transmissible by assignment, by testamentary disposition or by operation of law, as personal or movable property.

The only formal requirements for an assignment of copyright are that it is in writing and signed by or on behalf of the assignor.

Unlike an assignment, a licence of copyright need not be in writing nor comply with particular formalities and may, therefore, be oral or implied. However, in order to obtain the statutory rights of an exclusive licensee – eg, the right to sue third party infringers, an exclusive licence must be recorded in writing and signed by or on behalf of the licensor. If an exclusive licence is not in writing, the licensee will only have a contractual right to use the copyright, not to enforce it.

4.3 Transmissible Rights

Economic rights are transmissible upon death. See 4.2 Alienable Rights.

4.4 Transfer of Rights

In the UK, there is no age restriction to owning copyright, as this is an automatic right. However, to form a legally binding contract in the UK (ie, to either exercise or transfer rights) there must be an offer, acceptance and an intention to create a legal, binding contract. The law presumes that individuals under the age of seven do not have the requisite intention and therefore do not have the power to enter into contracts.

See 4.2 Alienable Rights for formalities relating to transfer of rights.

4.5 Copyright Exhaustion Doctrine

Before the UK left the EU, the UK was part of the EU's regional exhaustion of IP rights regime, meaning that copyright in goods would be considered exhausted in the UK when goods were legitimately first placed on the market in the EEA, and vice versa. Upon expiry of the Brexit transition period – ie, 1 January 2021, the UK no longer takes part in a reciprocated regime, but unilaterally participates. This means that copyright (and other intellectual property rights) is considered exhausted in the UK when goods are first placed on the market in the EEA, but goods first placed on the market in the UK are not considered exhausted in the EEA.

The UK government has carried out a consultation on the potential new UK regime for the exhaustion of intellectual property rights, however a decision on this has not yet been made.

4.6 Moral Rights

The Act provides four moral rights subsisting in favour of the authors of literary, dramatic and artistic works, and of films.

- The right to be identified as the author or film director (the right of paternity) (Section 77).
- The right to object to derogatory treatment of a work (the right of integrity) (Sections 80–83).
- The right against false attribution of a work (Section 84).
- The right to privacy in private photographs and films (Section 85).

The rights of paternity, integrity and privacy last for the same duration as copyright. The right to prevent false attribution lasts for 20 years after the death of the author. Authors can waive contractually, but cannot assign, moral rights. Like copyright, moral rights can be passed down to a beneficiary upon death, or they will pass by default to the person/entity who inherits any copyright in the work.

5. Copyright Management

5.1 Anti-circumvention Right

Sections 296–296ZF of the Act provide statutory protection against the circumvention of copyright protection. These provisions apply to technological measures that have been applied to a copyright work and are primarily designed for the purpose of enabling the circumvention of those technological measures.

5.2 Copyright Management Information: Legal Remedies

Section 296ZG of the Act contains provisions providing statutory protection against the knowing and unauthorised removal or alteration of rights management information. This section

creates civil (but not criminal) remedies against those who tamper with electronic rights management information or deal with copies of works from which such information has been removed, or in respect of which it has been altered.

6. Collectives

6.1 Collective Rights Management System

Copyright collecting societies, or collective management organisations (CMOs), are generally formed in the UK on a voluntary basis and are regulated by the UK's Collective Management of Copyright (EU Directive) Regulations 2016, which implement the European Directive 2014/26/ on collective management of copyright and related rights. There are numerous collecting societies in existence in the UK.

Commercial licensing disputes regarding royalties and remuneration to be paid to copyright owners by collecting societies, as well as collecting society licence terms and schemes, are heard by the Copyright Tribunal. The Copyright Tribunal is an independent tribunal which is given jurisdiction to resolve such disputes under the Act.

In the UK, a rights holder may be a member of more than one collecting society. For instance, a person who owns the copyright in the composition of a song can be a member of PRS (Performing Right Society) in respect of the copyright in the composition, and a member of PPL (Phonographic Performance Limited) in respect of the copyright in the sound recording (which contains the composition).

6.2 Powers and Functions

CMOs negotiate and grant licences on behalf of the rights holders that they represent, collect and distribute royalty income to rights holders and may, if granted an assignment or exclusive licence of copyright, bring enforcement proceedings on behalf of the rights holder.

Under the Regulations mentioned in 6.1 **Collective Rights Management System**, CMOs must meet various standards including:

- acting in the best interests of their rights holders;
- maintaining fair and transparent policies;
- fairly and accurately distributing to their rights holders; and
- allowing rights holders to participate in their governance.

6.3 Synchronisation Rights

The music industry within the UK acknowledges a synchronisation right (although this is not a statutory right under the Act, *per se*).

7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

The fair dealing exception to copyright infringement is governed by Sections 29-30A of the Act, which outlines the following instances where fair dealing is a legitimate defence (to any copyright infringement):

- if the use is for the purposes of research or private study;
- if it is used for the purposes of criticism, review or quotation;
- where it is used for the purpose of reporting current events (note, this does not apply to photographs);

- if the use is for the purposes of text and data mining (ie, computational analysis); and
- if the use is for the purpose of parody, caricature or pastiche.

A statutory definition for fair dealing does not exist; it will always be a matter of fact, degree and interpretation in every fair dealing case in the UK. However, over time case law has established a list of key factors used to determine the validity of whether a particular dealing is fair, such as: whether it is reasonable and necessary to use the amount of work that was taken, whether the use of the work impacted negatively on the market for the original work, or if the creator or owner has lost potential revenue through the re-use of their work.

7.2 Private Copying

Under Section 28B of the Act, the copying of a work (other than a computer program) by an individual for private use does not infringe copyright in the work provided the copy is:

- a copy of the individual's own copy of the work or a personal copy of the work made by the individual;
- is made for the individual's private use; and
- is made for non-commercial purposes.

There is also an exception where use of a copyright work is for private study, as described in

7.1 Fair Use/Fair Dealing.

7.3 Reproductions: Cultural Goods/Buildings

Under the Act, copyright in (i) buildings and (ii) sculptures, models for buildings and works of artistic craftsmanship, if permanently situated in a public place or in premises open to the public, is not infringed by:

- making a graphic work representing it;
- making a photograph or film of it; or
- making a broadcast or visual image of it.

Copyright is also not infringed by the issue to the public of copies, or the communication to the public, of anything whose making was, by virtue of above, not an infringement of copyright.

7.4 Intermediaries

Under Regulations 17-19 of the Electronic Commerce (EC Directive) Regulation 2002, internet service providers (ISPs) are not liable for damages for copyright infringement, carried out by third parties that use their services, if they are doing any of the following:

- acting as a mere conduit of information;
- caching information; or
- providing hosting information at the request of the third party.

To escape liability, ISPs must not actively participate in using the information, and must act expeditiously to remove or disable infringing content once they become aware of it.

Where an ISP has actual knowledge of a person using its services to infringe copyright, the copyright holder can seek an injunction against the ISP (Section 97A of the Act).

7.5 Satire and Parody

Under Section 30A of the Act, fair dealing with a work for the purposes of caricature, parody or pastiche does not infringe copyright in the work.

Recently, the UK High Court provided a long-awaited definition for the terms "parody" and "pastiche" in the case *Shazam v Only Fools The Dining Experience and Others* [2022] EWHC 1379 (IPEC). The judge confirmed that to qualify

as a parody the work must evoke an existing work, be noticeably different from that existing work, and constitute an expression of humour or mockery. The need for an expression of opinion was said to be particularly important for parodies of comedies, which were themselves rare, as the “mere imitation (of a work of comedy) is not enough to constitute a parody”.

The exception of pastiche was defined as a work that either imitates the style of another work or is a medley of a number of pre-existing works.

7.6 Freedom of Speech/Right of Information

The Act contains fair dealing provisions (including in relation to criticism, review, quotation, news reporting, research and private study), which, if the facts permit, are often used to address the balance between (i) the property rights of copyright owners and (ii) the fundamental human rights of users, such as freedom of expression.

Further, the Human Rights Act 1988 and the European Convention on Human Rights are in force in the UK. EU case law – which is still applicable in the UK unless there is a legislative change or the Court of Appeal or Supreme Court departs from it – requires the court to balance the rights of copyright owners with fundamental human rights.

This balance was most recently addressed in the UK in *HRH Duchess of Sussex v Associated Newspapers* [2022] EWCA Civ 1810, [2022] F.S.R. 7., whereby the first instance judge and judge on appeal balanced (i) the copyright existing in a private letter sent by the Duchess of Sussex to her estranged father with (ii) the right to free speech of the father or the newspaper who published. In this instance it was decided

that free speech rights did not supersede the copyright subsisting in the published extracts of the letter.

8. Neighbouring Rights

8.1 Neighbouring Rights

Part II of the Act governs neighbouring rights in the UK, being rights conferred on performers and persons having recording rights.

Sections 182-188 of the Act set out the following rights.

- The rights of performers (for example, actors, singers or musicians) to give or withhold consent to the exploitation of their performances; the reproduction of recordings of their performances; issuing/renting/lending copies of recordings of their performances to the public; making a recording of their performance available to the public.
- The rights of producers of sound recordings and films to give or withhold consent to the reproduction of their recordings or films.
- The rights of broadcasters or cable programme makers to authorise or prohibit the use of their programmes.

8.2 Transferring/Licensing/Sale

Under Section 191B of the Act, a performer's property rights are transmissible by assignment, by testamentary disposition or by operation of law, as personal or moveable property. As with copyright, any assignment must be in writing and signed by or on behalf of the assignor.

Where a performer has assigned certain rights (reproduction, distribution, making available or property rights) in a sound recording to the producer of the sound recording, under Sec-

tion 191H of the Act, if at the end of the 50-year period, the producer has failed to meet one or both of the following conditions, the performer may give a notice in writing to the producer of the performer's intention to terminate the agreement:

- to issue to the public copies of the sound recording in sufficient quantities; and
- to make the sound recording available to the public by electronic transmission in such a way that a member of the public may access the recording from a place and at a time chosen by him or her.

If, at any time after the end of the 50-year period, the producer, having met one or both of the conditions referred to in the second bullet point above, fails to do so, the performer may give a notice in writing to the producer of the performer's intention to terminate the agreement. If at the end of the period of 12 months beginning with the date of the notice, the producer has not met the conditions referred to in the second bullet point above, the agreement terminates and the copyright in the sound recording expires with immediate effect.

A licence granted by the owner of a performer's property rights is binding on every successor in title to his interest in the rights, except a purchaser in good faith for valuable consideration and without notice (actual or constructive) of the licence or a person deriving title from such a purchaser.

The neighbouring rights conferred on a person having recording rights are not assignable or transmissible.

8.3 Exceptions

Exceptions to copyright are applicable to neighbouring rights, pursuant to Schedule 2 of the Act.

9. Infringement and Litigation

9.1 Types of Infringement

Copyright owners have the exclusive right to do various acts – “restricted acts” – in relation to their work. If a person does a restricted act without the consent of the copyright owner in relation to the whole or a substantial part of a work, they are committing an act of copyright infringement. The restricted acts set out in the Act are the rights to:

- copy the work;
- issue copies of the work to the public;
- rent or lend the work to the public;
- perform, show, or play the work in public;
- communicate the work to the public; and
- make adaptations.

The Act also sets out various acts of secondary infringement:

- importing an infringing copy;
- possessing or dealing with an infringing copy;
- providing means for making infringing copies;
- permitting use of premises for infringing performance; and
- provision of apparatus for infringing performance.

9.2 Defences

A number of provisions of the Act permit various activities which would otherwise be infringements of copyright in literary, dramatic or musical works.

The most common exceptions relate to:

- temporary copies technically required to enable a lawful use;
- fair dealing, including the use of copyright works for the purpose of:
 - (a) news reporting;
 - (b) parody, caricature or pastiche; and
 - (c) quotation;
- incidental inclusion;
- educational use;
- use in libraries;
- archives and public administration;
- works permanently situated in public places;
- the making of digital copies by various institutions;
- text and data mining;
- making copies accessible to disabled people;
- further exceptions for the purpose of research or private study;
- public interest; and
- copying for the visually impaired.

9.3 Proceedings

The main recourse for a copyright owner is to bring civil infringement proceedings. Pursuant to the Civil Procedure Rules, Practice Direction for Pre-Action Conduct and Protocols, where there is a relevant pre-action protocol, the parties should comply with that protocol before commencing proceedings.

In certain circumstances, criminal proceedings are available for copyright infringement (Sections 107 and 198 of the Act). A copyright owner can also bring a private prosecution directly.

9.4 Jurisdiction

Civil copyright infringement claims must be started in either:

- for lower-value claims: the Intellectual Property Enterprise Court (IPEC), which is presided over by IP-specialist judges; and
- for higher-value claims, the Chancery Division of the Business and Property Courts of the High Court of Justice, which has several IP-specialist judges.

Criminal copyright infringement proceedings are brought in a regional Magistrates' Court before a magistrate (for less severe offences) or the Crown Court before a judge (for more serious offences). Neither magistrates nor judges are likely to be experienced in intellectual property matters.

9.5 Necessary Parties

Claimants

Other than the copyright owner, an exclusive licensee can also bring a claim for infringement after the exclusive licence is granted. This statutory position can be modified by contract.

A non-exclusive licensee can also bring a claim for infringement, although only in limited circumstances; specifically, if the infringement is directly connected to an act which the licensee had been licensed to carry out under the licence, and the licence is in writing, signed by the copyright owner, and expressly grants the non-exclusive licensee a right of action.

Defendants

The other parties will be the alleged infringers.

9.6 Third Parties

Only the defendant to infringement proceedings will be sanctioned/ordered to remedy the claimant.

9.7 Urgent and Interim Measures

Interim relief – including interim injunctions, search orders (to preserve evidence or property) and freezing orders (to prevent disposal of evidence of property) – is available for copyright infringement.

Interim injunctions:

- are equitable remedies and so are a matter of discretion of the court;
- must be sought by the copyright owner quickly after becoming aware of the infringement; and
- can usually be obtained quickly, within a number of days, or sometimes (exceptionally) hours.

“Site-blocking injunctions” (which are orders against internet service providers to prevent access to websites held to infringe copyright) are also available.

9.8 Role of Experts

The role and duty of an expert is to assist the court (and not the party from whom they have received instructions) regarding specialist and/or technical elements to a copyright dispute.

Experts provide their evidence in a written report, which serves as their evidence in chief, and may also be required to attend the trial to field questions/be cross-examined on their report.

9.9 Counterfeits and Parallel Imports

In certain circumstances, HMRC (and Border Force, the law enforcement command within the Home Office responsible for carrying out the frontier interventions that implement this policy) are empowered to detain goods that may infringe intellectual property rights such as copy-

right. The UK regime is governed by Section 111 of Act 1988.

Trading Standards officers in the UK are also under a statutory duty to enforce copyright and have the powers, among others, to make test purchases of infringing goods, to enter premises and to inspect and seize goods and documents which infringe.

The City of London Police and the UKIPO have also set up the Police Intellectual Property Crime Unit (PIPCU) to tackle serious and organised intellectual property crime (counterfeit and piracy) affecting physical and digital goods (with the exception of pharmaceutical goods). PIPCU's focus is on offences committed online.

9.10 Remedies and Sanctions

The civil remedies available to a copyright owner for infringement are:

- preliminary relief (interim injunctions, search orders, freezing orders);
- permanent injunctions;
- monetary remedies (damages or an account of the infringer's profits);
- forfeiture, destruction or delivery up of infringing goods;
- declaratory judgment that copyright subsists in a specific work, or that copyright has been infringed by a specific act; and
- publicity orders.

9.11 Administrative or Criminal Offences

It is possible to bring criminal proceedings for copyright infringement in the UK, but this is unusual and UK courts have indicated that they are disapproving of prosecutions involving difficult legal questions involving copyright law.

9.12 Appellate Procedure

Decisions of the High Court can be appealed to the Court of Appeal, and decisions of the Court of Appeal can be appealed to the Supreme Court (as well as High Court decisions of public or constitutional importance).

Interim orders of the IPEC can be appealed to the High Court, and final orders of the IPEC can be appealed to the Court of Appeal.

9.13 Costs

The general position is that the winning party's costs are recoverable from the losing party. The IPEC caps recoverable costs and damages awards at GBP60,000, whereas there is no cap on costs in the High Court.

The court has wide costs management powers and is involved in costs management throughout proceedings to promote effective case management at a proportionate cost. Most proceedings will be subject to a costs management order which will often limit the winning party's recoverable costs, although the court has discretion in this respect. In practice, the winning party can expect to recover 60-70% of its costs.

9.14 Alternative Dispute Resolution

Alternative dispute resolution – including arbitration, mediation and expert determination – is available for copyright disputes and, as is generally the case for UK disputes, is encouraged. Whilst the UK's Civil Procedure Rules require parties to a dispute to consider alternative dispute resolution, it is not compulsory.

Alternative dispute resolution with respect to copyright disputes has historically been prevalent in cases relating to software licences and artistic production.

Arbitration, mediation and expert determination are usually conducted on a without prejudice basis, using an independent and qualified professional.

The UKIPO offers a mediation service covering trade mark, design and patent disputes, as well as copyright disputes.

Contributed by: Rebecca O'Kelly-Gillard, Parisa Fard and Aneesah Kabba-Kamara, **Bird & Bird LLP**

Bird & Bird LLP is plugged directly into the copyright ecosystem of content creators, owners, distributors and users, with a future-facing copyright team of digital experts: tech-savvy; regulation-aware; and a step ahead of current trends. It continues to top the rankings for its copyright practice, and provides a comprehensive service that sets it apart from its competitors. It has advised high-profile creators and rights-holders on: copyright enforcement; collecting societies and rights organisations on

licensing and competition issues; technology platforms on matters relating to user-generated content, hyperlinking, and corresponding liability issues; and businesses across the value chain on issues regarding the ownership and exploitation of data. Not only does it have the range and depth of expertise, but with more than 450 lawyers and legal support staff dedicated to IP across 31 offices, it has numbers in force.

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1. Statute and Treaties

1.1 Copyright Statutes

The governing copyright text is found in Title 17 of the United States Code (USC) and includes the Copyright Act of 1976, and all amendments (the “Copyright Act”). The language of the Copyright Act can be located at copyright.gov, the official website for the US Copyright Office (CO).

The CO regulations regarding registration practices are codified and published in the Code of Federal Regulations (CFR) under Title 37 — [Patents, Trademarks, and Copyrights, Section II](#).

The CO has also released revisions to the US Copyright Office, [Compendium of US Copyright Office Practices \(3rd edition, 2021\)](#), the governing administrative manual for registrations and recordings issued by the CO.

The Copyright Act is interpreted by US federal courts.

1.2 Conventions and Treaties

The USA became a party to the Berne Convention Treaty on 1 March 1989 and has adhered to the World Intellectual Property Organization (WIPO) Copyright Treaty since 6 March 2002 and the WIPO Performances and Phonograms Treaty since 20 May 2002.

The USA is a member of the World Trade Organization (WTO) and follows the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which sets forth obligations related to intellectual property rights, including copyright and enforcement.

The USA is also party to other significant international conventions and treaties, including:

- the UCC Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms;
- the Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite; and
- the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled.

1.3 Foreign Copyright Holders

The Berne Convention permits foreign copyright holders to bring infringement claims within the USA even when the work does not have US copyright registration. Section 104 of the Copyright Act pertains to the national origin of works receiving US copyright protection and copyright in restored works.

This being said, registration is a prerequisite to certain remedies, specifically regarding statutory damages or attorney’s fees.

2. Copyrighted Works

2.1 Essential Elements of Copyright Protection

To qualify for copyright protection, Section 102 of the Copyright Act requires that a work be an “original work of authorship” and “fixed in any tangible medium of expression”.

The first element does not present a particularly high bar but works must display at least a minimal level of creativity, which tends to raise questions over copywriting works of conceptual art or new technologies. The second element requires a work to be captured and perceived,

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reproduced, or communicated for more than a short time.

Copyright protection is automatic from the moment of creation, but authors can receive enhanced benefits from registration.

2.2 Special Notice and Registration of Works

Copyright notice has not been required upon publication of a work since 1 March 1989 when the USA joined the Berne Convention treaty, however, owners preserve certain litigation benefits by publishing a work with proper notice.

Proper notice consists of the copyright symbol © or the word “Copyright”, the name of the copyright owner, and the year of first publication. Registration establishes a claim to copyright with the CO. Although registering with the CO is not mandatory, for US works, it is a prerequisite to filing a claim in federal court to enforce one’s copyright and it permits authors to seek remedies under the Copyright Act in litigation. The CO serves as the register of copyright, and applications for certificates of registration can be filed online (or on paper).

Registrations may be searched for in the Records Room of the CO or a request may be made for the CO to conduct a search (for a fee of USD200 per hour or a fraction thereof, with a two-hour minimum). The printed Catalog of Copyright Entries covers registrations from 1891 through to 1978. An [electronic version](#) is available for works registered from 1978 to the present. To individually search public records, one can visit the Public Records Room at the Library of Congress. Where records are unavailable for public search, the CO will conduct the search, for a fee.

Consulting informational circulars published by the CO is recommended before conducting a search.

2.3 Categories of Copyrightable Works

Section 102 of the Copyright Act provides categories of works protectable by copyright, including:

- literary works;
- musical works and accompanying words;
- dramatic works and accompanying music;
- pantomimes and choreographic works;
- pictorial, graphic and sculptural works;
- motion pictures and other audio-visual works;
- sound recordings; and
- architectural works.

These categories should be interpreted broadly; for example, computer software is protected under “literary works”, while maps and technical drawings fall under “pictorial, graphic, and sculptural works”.

2.4 Software

Software is protected as a literary work, receiving the same protections. See the CO’s [Circular 61](#), containing helpful information regarding the registration of source codes.

Each version of a published software program containing new, copyrightable authorship requires a new application. The subsequent registration will not cover a previously published or registered source code, a source code in the public domain, or a copyrightable source code owned by a third party.

The deposit requirement for software permits filing the entire source code or a representative sample, which is useful if the source code contains trade secrets.

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For the purposes of registration, hypertext markup language (HTML) is neither considered a computer program nor software. The CO permits registering HTML as a literary work if created by a human rather than a website design program, provided it contains sufficient creative expression. To register HTML, a complete copy of the code must be submitted. See Circular 66 on [“Websites and Website Content”](#).

2.5 Databases

Databases are not a protected category of creative works, however, a database comprised of a collection and arrangement of material may be registered as a compilation of copyrightable work. This form of authorship recognises the selection, co-ordination and arrangement involved in creating a database. Additionally, material appearing in a database may be deemed authored and thus protectable.

Either form may be registered with the CO, provided that the database contains sufficient original expression and the copyright claimant owns the copyright in that material.

The CO maintains specific regulations for the registration of a photograph database.

2.6 Industrial Design

Industrial designs do not receive copyright protection but may qualify for a design patent under 35 USC Section 171, which protects the ornamental design of an article of manufacture.

3. Authorship and Copyright Ownership

3.1 Authorship

“Author” is undefined in the Copyright Act. Copyright initially vests in the individual who created

the work, unless the work qualifies as a “work made for hire”, either because the individual is an employee and created the work within the scope of their employment or because the work falls within the categories of works that can be created as a work for hire. Entities can own work either because it is created as a work for hire or because the copyright is assigned to the entity. The CO will only register works created by a human.

3.2 Joint Authorship

Copyright can be jointly owned provided the work was prepared by two or more authors who both intended that their contributions combine into “inseparable or interdependent parts of a unitary whole”. Joint authorship arises either where authors directly collaborated or where they prepared their contributions separately but knew and intended that the contributions would merge. Paramount is the intention, at the time of creation, for the contributions to form an integrated unit. A contribution to a joint work is “inseparable” if the work contains a single form of authorship, as with a novel or painting, and “interdependent” if the work contains multiple forms of authorship, such as a motion picture or the music and lyrics of a song.

A copyright applicant must determine whether a work qualifies as a joint work based on the facts surrounding its creation. This determination bears importantly on the ownership and term of the copyright. For example, the authors of a joint work jointly own the copyright in each other’s contributions, as well as an undivided interest in the copyright for the work as a whole. In other words, each enjoys an independent right to use or license a joint work, provided they account for the profits. A joint author may exploit the joint work but may not grant exclusive rights, or transfer all interest in the work, without obtaining

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consent from the other author(s). If a joint author does exploit a work non-exclusively, they must account to the other author(s).

The copyright term for a joint work expires 70 years after the death of the last surviving author. If the joint work was created by two or more authors as a work made for hire, an anonymous work, or a pseudonymous work, the copyright expires 95 years from the year of publication or 120 years from the year of creation (whichever is shorter).

3.3 Anonymous or Pseudonymous Works

Authors may claim copyright anonymously or pseudonymously. In this case, the copyright lasts 95 years from the year of publication or 120 years from the year of creation (whichever is shorter). If, however, an author reveals their identity, this term converts to the life of the author plus 70 years.

3.4 Collective Works

The Copyright Act protects collective works, including anthologies or encyclopaedias, in which a number of contributions, constituting separate and independent works, are collectively assembled. The Copyright Act also protects compilations, including collective works comprised of pre-existing material arranged in a way that results in an original work of authorship.

Copyright in compilations or collective works only extends to the material contributed by the author of the collection, not to pre-existing material. Copyright in a collection does not enlarge the scope of copyright in the pre-existing material. For example, a collection that includes public domain material will not cause the public domain work to be protected by copyright.

The copyright in a collective work is distinct from the copyright in component works and can be exploited separately and apart from the pre-existing material. The owner of a collective work may only exploit the component parts as part of the collective work or any revision.

3.5 Corporate Authorship

Any entity, including a corporation, may qualify as an author of a work in the USA under Section 201(b)'s "work made for hire" doctrine. Under the doctrine, an employer is considered the author unless the parties sign a written agreement to the contrary. Work made for hire applies under two scenarios: where the work is prepared by an employee within the course and scope of employment, and where the work has been specifically ordered or commissioned for use in nine specific categories:

- contribution to a collective work;
- part of a motion picture or other audio-visual work;
- translation;
- supplementary work;
- compilation;
- instructional text;
- test;
- answer material for a test; or
- atlas.

For the second scenario, the parties must expressly agree in a written, signed instrument that the works shall be considered for hire. Apart from conforming with general contractual standards, there are no additional standards. For the first scenario, courts distinguish between work prepared by an independent contractor versus an employee, employing a multi-factor agency law analysis to examine the relationship, such as the hiring party's right to control and the hired party's discretion to perform the work. Alterna-

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tively, collective bargaining agreements in various industries designate a worker's employee status and are often given weight by the courts.

Public employers operate under the same work-made-for-hire doctrine as other employers, although many universities have specific contracts with professors that address whether a professor's writing is outside the scope of their employment and whether the professor would retain the copyright.

The Copyright Act does not accord protection for any work of the US government; however, the government may still hold copyrights transferred by an assignment, bequest, or otherwise.

4. Rights Granted to Copyright Owners

4.1 Economic Rights

Section 106 of the Copyright Act accords six exclusive economic rights to owners:

- “to reproduce the copyrighted work in copies or phonorecords;
- to prepare derivative works based upon the copyrighted work;
- to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audio-visual works, to perform the copyrighted work publicly;
- in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or

other audio-visual work, to display the copyrighted work publicly; and

- in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission”.

These rights persist throughout the term of copyright and do not affect a term's duration. For works created on or after 1 January 1978, copyright persists for the life of the author plus 70 years, or, in the case of jointly authored works, for 70 years after the last surviving author's death. For works made for hire and anonymous or pseudonymous works, copyright lasts 95 years from first publication or 120 years from creation (whichever is shorter), although in the latter category, if the author's identity is revealed, the term becomes the author's life plus 70 years. Copyright terms do not otherwise vary based on the type of work.

Works created and published prior to 1978 were initially protected for 28 years plus a 28-year renewal term, but this term has since been extended many times over by amendments, and pre-1978 unpublished works are protected by the Copyright Act. For additional information, see [Circular 15A “Duration of Copyright”](#).

Transferred Rights and Termination

An author or their surviving spouse or heirs may recapture transferred rights for works not made for hire under Sections 203 and 304 of the Copyright Act. Section 304 applies to transfers and licences executed before 1 January 1978, for works in their first or renewal term by that date. Section 203 relates to transfers and licences executed on or after 1 January 1978.

Grants may only be terminated during a specific statutory window and notice must be served on the original grantee(s) within a certain time peri-

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od, in order to be effective. Terminations under Section 203 may generally be effectuated during a five-year window from the 35th anniversary of the grant, while terminations under Section 304 may be effectuated during a five-year window from the 56th anniversary of the date on which copyright was secured.

Termination aims to afford authors and successors a “second bite of the apple”, allowing them to regain rights they may have granted when they lacked bargaining power. However, under this system, only US rights revert; any foreign granted rights will not return to an author or successors upon termination. Furthermore, derivative works previously created under a grant may continue to be exploited following termination. However, when an author dies during the first term of a work’s copyright (for pre-1978 works), case law has established that their heirs will not be bound to any agreements the author made permitting use of derivative works during the renewal term.

Additional information may be found on the Copyright Office’s website.

4.2 Alienable Rights

A copyright owner may transfer their exclusive rights within a copyright. A transfer, other than by operation of law, is only valid if in writing and signed by the owner of the rights being transferred, or by the owner’s representative.

A transfer is effectuated by an assignment, mortgage, exclusive licence, or other conveyance and may include the copyright in its entirety or limited exclusive rights. Limitations on the time, place, or effect of a transfer will not affect its validity.

A certificate of acknowledgement is not required for a valid transfer but is considered prima facie evidence if executed by a person who administers oaths within the USA, or, in the case of a transfer executed in a foreign country, if issued by a diplomatic or consular office of the USA or a person authorised to administer oaths. Transfers may be recorded with the CO but this is not required.

4.3 Transmissible Rights

Economic rights are transmissible upon death. Section 201(d) of the Copyright Act provides that copyright ownership may be transferred under the law by will or as personal property, in whole or in part.

4.4 Transfer of Rights

Copyright can be transferred. Any transfer of exclusive rights must be in writing and signed by the owner or representative. Minors (in the USA, those under 18 years of age) may claim and exercise copyrights, but state law may regulate transfer agreements entered into by minors.

4.5 Copyright Exhaustion Doctrine

Section 109 of the Copyright Act recognises the first sale doctrine (commonly called an “exhaustion” doctrine outside the USA), by which the owner of a work’s copyright may not prevent subsequent sales of the work where there has been a first, authorised sale of a copy. Essentially, the owner’s right to control distribution of a lawful copy is “exhausted” following the first authorised distribution. An actual “sale” is not a necessary condition for application of the doctrine but, at the very least, a copy must have been lawfully made and conveyed. Digital content, like an e-book, is not included in this doctrine because it is leased rather than owned.

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4.6 Moral Rights

The USA recognises moral rights within visual arts, defined within Sections 106A and 101 of the Copyright Act as paintings, drawings, prints, or sculptures existing in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author (and bearing their signature or other identifying mark), as well as still photographic images produced for exhibition purposes.

Moral rights include the rights of attribution and integrity. The right to attribution allows an author to be credited as the author of their work, while the right of integrity allows an author to prevent intentional and prejudicial distortions of the work, as well as the destruction of a work of “recognised stature”. Moral rights also allow authors to prevent others from using their name in association with a work they did not create.

Moral rights only apply to a work’s author and persist only throughout the author’s life, or, in the case of joint authorship, throughout the life of the last surviving author. Their term runs to the end of the calendar year in which they would expire. Moral rights may not be transferred but may be waived if an author expressly agrees to a waiver in a signed, written instrument identifying the work and the uses of the work to which the waiver will apply.

Moral rights are distinct from ownership of a copy of any work. Consequently, any transfer of ownership of a copy of a work of visual art or any rights under copyright does not, without the written, signed instrument discussed above, constitute a waiver of an author’s moral rights.

5. Copyright Management

5.1 Anti-circumvention Right

The USA has implemented anti-circumvention measures along the lines of Article 11 of the WIPO Copyright Treaty by way of the Digital Millennium Copyright Act of 1998 (DMCA), codified in Section 1201 of the Copyright Act.

Section 1201(a)(1) prohibits any person from circumventing a technological measure that effectively controls access to a work protected under the Copyright Act. Subsection 1201(a)(3) defines this circumvention as a “means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner”. For example, bypassing a paywall to read a news article without paying for a subscription would fall under Section 1201(a)(1). Additionally, the law prohibits trafficking in technologies that circumvent technical measures.

The statute does provide certain exemptions and exceptions in Sections 1201(d)–(j), however, including:

- for non-profit libraries, archives, and education institutions, which may access copyrighted works solely to determine whether to acquire a copy of that work;
- for lawfully authorised law enforcement or government agencies to carry out information security activities;
- for reverse engineering solely to identify and analyse the underlying elements of a computer program necessary to achieve interoperability;
- for encryption research;
- for the protection of personal identifying information; and

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- for security testing.

Persons injured by a violation of Section 1201 may bring a civil action and seek the actual damages suffered, including profits of the violator attributable to the violation, or elect statutory damages for each violation ranging from USD200 to USD2,500.

5.2 Copyright Management Information: Legal Remedies

The USA has implemented legal remedies with respect to copyright management information (CMI) along the lines of Article 12 of the WIPO Copyright Treaty by way of DMCA Section 1202.

Section 1202(a) prohibits any person from knowingly, and with the intent to induce, enable, facilitate, or conceal infringement, from either providing false CMI, or distributing or importing false CMI. Section 1202(b) also prohibits the intentional removal or alteration of CMI, as well as the distribution, importation, and public performance of works knowing that the CMI has been removed or altered. Section 1202(c) broadly defines CMI as including, among other things, title and copyright notice information, and identifying information about the author, owner, writer, or performer who is credited in an audio-visual work.

Persons injured by a Section 1202 violation may bring a civil action and seek the actual damages suffered, including profits of the violator attributable to the violation, or elect statutory damages for each violation, ranging from USD2,500 to USD25,000.

6. Collectives

6.1 Collective Rights Management System

There are several collective rights management (CRM) systems in the USA that cater to different types of copyrighted works, major examples of which are referenced below. However, CRM is complicated and industry-specific, and while it is governed by statute to some degree, US anti-trust laws and existing court consent decrees render participation in CRM organisations voluntary.

Music

US music copyrights are split into two parts: the underlying musical composition copyright (the written music and lyrics), and the sound recording embodying the composition's performance. Different organisations collect and disburse earned royalties to the appropriate rightsholder.

With respect to composition copyrights, the songwriter(s) and music publisher(s) typically split the income earned from certain uses of the composition. For public performances (such as on radio, TV, and in public venues like concert halls, and even bars and restaurants), performing rights organisations (PROs) collect money from each entity holding a licence issued by the society for the use of musical works in the PRO's repertory and distribute it to their members based on proprietary formulae. PROs also enforce the rights of their members against any unlicensed public performance of their music. There are various licences available but generally one pays an annual fee for a "blanket" licence that covers the entire repertory of the PRO. The two largest PROs are ASCAP and BMI, which comprise about 96% of the music market, followed by SESAC and newcomer GMR.

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Composition copyright owners also employ agencies to collect “mechanical” royalties, or moneys earned by songwriters and publishers from the creation and sale of sound recording renditions of a composition. The Harry Fox Agency (HFA) traditionally issued these mechanical licences (“compulsory licences”) and collected mechanical royalties for its members. However, under the Music Modernization Act (MMA), statutory compulsory licences are being streamlined, replacing the old HFA song-by-song licensing structure with a blanket licensing system for digital music providers to make and distribute downloads and streams of digital music (HFA will still administer royalties for physical music sales such as CDs and vinyl). A new entity, the Mechanical Licensing Collective, started administering the blanket licences, receiving reports from digital music providers, and collecting and distributing royalties on 1 January 2021.

With respect to sound recording, a record label typically owns the copyright in the “master” of a sound recording. The label typically tracks record sales, whether physical or digital, while a collection society called SoundExchange tracks digital public performance royalties for sound recordings. Under the Copyright Act, sound recording copyright owners, unlike composition owners, lack an exclusive public performance right other than by digital means (ie, radio stations do not pay sound recording owners’ royalties for radio play).

Visual Arts

The Artists’ Rights Society (ARS) is a US licensing and monitoring organisation for visual artists, which represents the copyright interests of thousands of global visual artists (and estates), from painters and photographers to sculptors and architects. Among other things, ARS handles enquiries for licences to reproduce visual

art works (eg, for publication in books, museum exhibitions and monographs). Membership is voluntary.

The American Society for Collective Rights Licensing is a non-profit corporation that collects and distributes funds earned abroad in connection with visual art to rightsholders in the USA, as well as to foreign rightsholders whose works are published in the USA. Membership is voluntary.

Publishing

The Copyright Clearance Center is a corporation providing collective copyright licensing services for users of copyrighted works in the corporate world and academia. It negotiates and secures agreements with copyright owners (particularly academic publishers) and arranges for collective licensing of the owners’ publications as the owners’ agent. Membership is voluntary.

6.2 Powers and Functions

See 6.1 Collective Rights Management System.

6.3 Synchronisation Rights

Using a copyrighted piece of music alongside visual or audio-visual material requires a synchronisation (or “sync”) licence.

Sync rights in the USA must be procured by the party seeking to use the music in a movie or TV show (usually the producer), and obtained from both the songwriter or music publisher and the sound recording owner. Sound recording sync rights are typically negotiated directly with the record label for the master rights, whereas publishing sync rights for the composition can be negotiated through HFA in many instances, or otherwise directly with the songwriter or publisher.

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7. Exceptions to Copyright

7.1 Fair Use/Fair Dealing

The USA employs a “fair use” system that permits use of copyrighted works without the copyright holder’s consent in certain circumstances. Codified in Section 107 of the Copyright Act, fair use may commonly be found in instances of “criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research...” although this list is not exhaustive.

In assessing fair use, courts consider four factors articulated in Section 107:

- “The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- the nature of the copyrighted work;
- the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- the effect of the use upon the potential market for or value of the copyrighted work”.

Courts weigh these factors case by case, because fair use determinations are particularly fact-specific. Even so, courts commonly accord the most weight to factor 1, and through developments in case law, have added a gloss to it which considers the “transformative” nature of the work. Factor 4 is the second most heavily weighted factor, with the other two factors rarely tipping the scales, with the exception of a recent Supreme Court fair use case – *Google LLC v Oracle America, Inc* – where the second factor, the nature of the work, weighed heavily in the court’s decision that the copying of Oracle’s popular Java “declaring code” by Google,

in creating an API for its own smartphone, was fair use.

- Factor 1 considers, apart from commercial versus non-commercial use, whether the new work is transformative, ie, whether it merely supersedes the objects of the original, or instead, adds a further purpose or character to it, altering it with new expression or meaning. The more transformative the work, the less significant the other factors. Use of an original work will not be considered transformative where it is employed for the same purpose which it originally served, as with a photograph of a natural phenomenon used in an article describing that phenomenon.
- Factor 2 accounts for the nature of the copyrighted work. Unauthorised use of a largely factual work is more likely to be deemed fair use, considering that creative works are closer to the core of intended copyright protection under US law.
- Factor 3 considers the amount of the original work used in the new work; the larger the amount, the less likely it is that there will be a fair use finding. Still, where an author can demonstrate that copying a large portion, or even the entirety, of the original work was necessary to transform it, the amount copied will be less likely to sway courts against finding fair use. Courts here also consider whether the “heart” of the work was used.
- Factor 4 addresses the likelihood of market harm to the original work and its derivatives that could result by introducing the secondary work into the market, especially where it could be a substitute for the original work, and often looks to the consequences of the copying becoming widespread. However, courts that have deemed a work largely transformative under factor 1 are less likely to view it as a market substitute. Courts also balance

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the benefit that the public will derive from the secondary work if the use is permitted, with the personal gain the copyright owner will receive if it is denied.

The fair use framework is famously complicated and, as noted, fact-specific. Case law provides valuable insight into how courts may undertake this analysis but it is far from consistent or clear, and often varies by jurisdiction.

7.2 Private Copying

Various provisions within the Copyright Act protect forms of private copying although there is no express exception for private copying.

Education and Computer Programs

Fair use protects copying for certain educational purposes, such as making copies for classroom use and may also protect making backup copies of electronic media, recording time-shifted televised broadcasts, and non-commercial archiving of personal properties, such as CDs and DVDs. The Audio Home Recording Act (Section 1001) protects home copying of pre-recorded music, such as music airing over the radio, for personal use.

Under Section 117 of the Copyright Act, computer program owners are also permitted to make an archival copy, but it must be destroyed if the owner ceases to have rightful possession of the original. An owner may also lawfully possess a copy of a computer program made as part of the activation of a machine that lawfully contains the program, or for maintenance or repair purposes, but the copy must only be used for those purposes and destroyed immediately following their completion.

Libraries and Archives

Section 108 protects libraries or archives engaged in private copying, provided these organisations “reproduce no more than one copy or phonorecord of a work”. This exception requires that the reproduction be made without the purpose of commercial advantage, the organisation’s collection be open to the public or available to more persons than merely the researchers affiliated with the organisation, and the reproduction include a notice of copyright or similar “legend” stating that the work is copyright-protected.

Section 108 further distinguishes between copying of published versus unpublished works. The law permits libraries or archives to duplicate an unpublished work from their collection solely for purposes of preservation or deposit for research use in another library or archives, provided that any digital copy is not further distributed or shared publicly outside the organisation. Libraries or archives may duplicate published works solely for replacement purposes to safeguard against damage, deterioration, loss, theft, or obsolescence of its storage format, if they ensure that the unused replacement cannot be obtained at a fair price and that digital copies are not made available outside of the organisation.

Furthermore, should the work be within the last 20 years of its copyright term, a library or archives, and some non-profit educational institutions, may under limited circumstances copy it for “preservation, scholarship, or research”.

7.3 Reproductions: Cultural Goods/ Buildings

Section 120 of the Copyright Act establishes an exception to copyright protection in regard to the pictorial representation of architectural works. Although architectural works may themselves

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merit protection, if such a work is embodied in a building “located in or ordinarily visible from a public place”, its copyright will not prevent persons from painting, photographing, or pictorially representing the work, including the distribution or public display of such representations.

7.4 Intermediaries

The USA has established an exception to copyright infringement for activities carried out by intermediaries, such as internet service providers (ISPs). Pursuant to the DMCA Section 512(a)–(d), an ISP may qualify for one of four “safe harbours”, which limit their liability for infringement claims based on “transitory digital network communications”, “system caching”, “information residing on systems or networks at [the] direction of users” and “information location tools”.

To qualify, ISPs must meet certain threshold criteria. They must first qualify as an online service or network access provider or operator, which most do, and must also have adopted and reasonably implemented a repeat infringer policy that provides for terminating subscribers in appropriate circumstances. Additionally, they must accommodate standard technical measures used by copyright owners to identify or protect copyrighted works. To merit the safe harbour concerning user-generated content, ISPs must also have a registered agent with the CO.

Having met this threshold, an ISP must then satisfy the requirements of a particular safe harbour. For Section 512(c), a commonly litigated safe harbour protecting against infringement claims arising from an ISP’s storage of copyrighted user-generated or submitted content, an ISP must demonstrate lack of actual knowledge that the material is infringing, or that, upon obtaining knowledge, it acted expeditiously to remove or

disable access; that it hasn’t received a financial benefit from the activity in cases where it had the right and ability to control the activity; and that upon notification of the infringement, it responded expeditiously to remove or disable access. The requirements for eligibility for the other safe harbours may be found in the statute.

7.5 Satire and Parody

Satire and parody fall under the umbrella of fair use, assuming they meet the applicable standards. Parody is a classic example of fair use, especially because the nature of parody is to lampoon a specific work. Satire, however, typically appears as criticism of society or larger abstract concepts and may be harder to prove as fair use if one is not critiquing a specific work.

7.6 Freedom of Speech/Right of Information

Fair use is typically seen as a First Amendment exception to copyright protection. Fair use embodies the intersection of freedom of expression and the limited monopoly conferred by the Copyright Act. Fair use incorporates significant aspects of commentary, criticism and news reporting, which are all central First Amendment concepts. Indeed, fair use, while typically termed a “defence” to copyright infringement is actually not a defence at all, it is a permissive use of a copyrighted work that furthers the goals of the First Amendment.

8. Neighbouring Rights

8.1 Neighbouring Rights

The USA does not recognise the concept of neighbouring rights.

8.2 Transferring/Licensing/Sale

See 8.1 Neighbouring Rights.

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8.3 Exceptions

See 8.1 Neighbouring Rights.

9. Infringement and Litigation

9.1 Types of Infringement

Infringement occurs when a party who is not the author, legal or beneficial owner, or licensee exercises one of the exclusive rights of copyright holders under Section 106 of the Copyright Act or any rights in Sections 106A or 107 to 122, without permission, creates a work that is substantially similar to an existing copyrighted work, or imports copies or phonorecords of a copyrighted work into the USA in violation of Section 602.

Direct and Secondary Infringement

Infringement can be direct or secondary. Direct infringement involves an accused infringer who undertook volitional conduct to commit the infringement, whereas secondary (indirect) infringement arises when a party contributes or induces a third party to commit the direct infringement or otherwise is vicariously liable for another's direct infringement.

Contributory infringement occurs where the accused secondary infringer knew of the direct infringement and either caused, induced, or materially contributed to it. Vicarious infringement occurs where the accused secondary infringer had the right and ability to control or supervise the activity giving rise to the infringement and a direct financial interest in the same.

9.2 Defences

The many defences against a claim of copyright infringement, include the following.

- Licence (express or implied): an express licence is a complete defence. Where there is no licence (either oral or written), defendants can try to establish the existence of an implied licence by conduct or estoppel. An implied non-exclusive licence may be established by showing that the copyright owner created a work on request, delivered the work to the user, and intended that the user further disseminate, display, or copy the work. Evidence of the objective intent of the copyright owner is usually the most important factor, and may be shown by writings, statements or conduct.
- Fair use: as noted, fair use is not actually a defence but is usually asserted as one either in a defendant's answer or in a motion to dismiss or a motion for summary judgment.
- No registration or defective registration: without valid registration, US authors cannot bring an infringement action and, under certain circumstances, even where registration is secured, defendants may be able to challenge the validity of the copyright. For instance, if the defendant believes that the registrant is not the true owner of the copyrighted work, or that the registration contains other inaccurate information, the defendant can assert as a defence that the registration is defective. However, in its recent *Unicolors v H&M* decision, the Supreme Court made it more difficult to invalidate a copyright registration containing inaccurate information, even in cases where the copyright holder did not realise that their application contained legal – and not merely factual – inaccuracies. Also, for older works falling under the 1909 Copyright Act, if certain formalities were not met, or if a copyright registration was not properly renewed, the work may have fallen into the public domain and the registration may not be enforceable.

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- **Uncopyrightable subject matter:** a defendant may show that a work's subject matter is not protected under the Copyright Act. Pursuant to Section 102(b), protection does not extend to any "idea, procedure, process, system, method of operation, concept, principle, or discovery". A defendant may try to prove that an allegedly infringed work is not sufficiently original to fall within the realm of ideas or concepts. This defence may extend to creative works, such as musical compositions, arising from a limited array of creative elements, such as the 12-note Western scale, where repetition of certain common themes, notes or rhythmic choices is to be expected.
- **Public domain:** older works that have passed into the public domain due to the passage of time or by failure to renew a registration or comply with other formalities under the 1909 Copyright Act, or works that have been voluntarily injected into the public domain, cannot be enforced.
- **Lack of standing:** plaintiffs who are not the legal or beneficial owner, author, assignee or exclusive licensee lack standing to bring an infringement action.
- **Lack of personal jurisdiction or improper venue:** as in any federal lawsuit, defendants may argue that a federal district court does not have personal jurisdiction over the defendant or that the venue is improper. This is a technical procedural question that will be fact-specific.
- **Lack of substantial similarity:** this is the expected counter-argument to an infringement claim, and the test used by the fact finder will vary by jurisdiction. Via this defence, defendants may argue that they lacked access to the plaintiff's work or that their work was independently created (an assertion ideally bolstered by a chain of title or proof of their process of creation).
- **Statute of limitations:** the statute of limitations for a copyright infringement claim is three years (depending on jurisdiction, measured from the infringement or from when the infringement was discovered or should reasonably have been discovered using reasonable diligence). The statute of limitations for a claim based on copyright ownership is three years from the time when a reasonably diligent plaintiff would have been put on notice that someone else was making a claim of ownership or repudiating the plaintiff's ownership.
- **Copyright misuse:** copyright owners may not leverage the limited monopoly of copyright protection outside the scope of the rights set out in the Copyright Act. Where plaintiffs use their copyright to restrict trade or gain an unfair commercial advantage over competitors, this doctrine may apply to prevent them from enforcing their copyright (although it would not invalidate the copyright).
- **DMCA:** ISPs can rely on the safe harbours in Sections 512(a)–(d), (i) and (k), assuming all statutory requirements are met.
- **First sale doctrine:** defendants may argue that they did not engage in unlawful distribution but rather sold or otherwise disposed of a specific copy of a work that they lawfully purchased, which is permitted under Section 109 of the Copyright Act.
- **Useful article/functionality:** under Section 101 of the Copyright Act, a "useful article" is "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information". Such works are not copyrightable in and of themselves and, therefore, copyright cannot be enforced.
- **Abandonment:** defendants may be able to claim that a plaintiff's copyright no longer exists and, therefore, cannot be enforced, if

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the defendants can show the plaintiff intended to abandon or surrender ownership rights in the copyrighted work and undertook acts evidencing that intent.

- De minimis use: a defendant may avoid liability if it can be shown that the copying at issue was so trivial that it cannot, as a matter of law, be considered substantially similar to the original. Courts look to the quantitative amount copied as well as the qualitative similarity between the two works from the perspective of a lay observer. The quantitative aspect is typically measured by how much of the work is copied; the length of time the copied work can be observed in the infringing work; and factors such as focus, lighting, camera angles and prominence. The weight and focus of each factor will often depend on the type and context of use at issue. The qualitative analysis looks to the importance of the material used in the infringing work, or as compared to the rest of the infringed work (depending on the context).

9.3 Proceedings

Copyright holders may pursue infringement claims through federal lawsuits, as well as before the Copyright Claims Board (CCB), a tribunal within the Copyright Office established by the Copyright Alternative in Small-Claims Enforcement Act (the “CASE Act”) of 2020, which launched in June 2022 and will hear (and has started to hear) copyright infringement matters of lesser value.

Before filing a federal lawsuit, one must register the copyrighted work with the CO. Merely submitting an application is not enough; rather, the CO must have granted or denied the application (if denied, the applicant can still bring a claim but will not be entitled to a presumption of ownership or copyright validity). The CASE Act offers

claimants expedited registration of works for a lower fee than otherwise charged by the Copyright Office. This approach is somewhat counterintuitive as work is considered “copyrighted” as soon as it is fixed in a tangible medium of expression, but it is necessary for purposes of enforcement. Bringing a claim before the CCB, however, only requires one to have submitted an application to register their work.

9.4 Jurisdiction

US federal courts have exclusive jurisdiction over copyright infringement actions. A federal statute, 28 USC Section 1338(a), states that copyright cases must be brought before a federal district court; this means that no state court may hear a copyright case. Appeals of copyright decisions filter up to the applicable Court of Appeals (divided geographically across the country).

The CASE Act

Pursuant to the CASE Act, the Copyright Office launched the CCB on 16 June 2022. The CCB provides a jurisdictional alternative to the federal court system and is a voluntary system for smaller-value copyright claims to be heard before a three-member tribunal presided over by qualified copyright attorneys. Litigants may seek rulings on infringement, declarations of non-infringement and certain DMCA claims; however, they may not seek injunctions. Parties do not require attorneys, personal appearances are unnecessary, and the process provides for only limited discovery.

The CASE Act caps statutory damages at USD15,000 per work with a case maximum of USD30,000, or statutory damages of up to USD7,500 per work not timely registered under Section 412 of the Copyright Act. The CASE Act also imposes sanctions for bringing frivolous or

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abusive claims, including barring litigants from bringing claims for 12 months and awarding attorney's fees to the defendant(s) in bad-faith claims, up to USD5,000.

In its first six months of operation, the CCB has registered over 260 cases, primarily infringement claims, and largely without attorney representation. Additional education efforts are underway by the CCB and related parties, such as the US Copyright Office, as self-represented cases have, thus far, tended to warrant amendment or dismissal at greater rates than those involving attorneys; completing service of process and understanding the elements required to prove copyright infringement have been areas of challenge to unrepresented claimants. Considering the nascency of CCB operations, the creative community's familiarity and understanding of CCP procedures is expected to improve, decreasing the number of cases requiring dismissal.

In the event that claims do not comply with CCB procedures, claimants are given 30 days to amend, with a second 30-day window for further amendment, as needed. Once the CCB approves claims for service of process, a claimant has 90 days to complete service, and respondents have 60 days after service to choose to participate in the proceeding or opt out. This option ensures that the CCB remains a voluntary process.

Foreign claimants may file claims before the CCB; however, neither foreign nor US residents may file claims against a foreign respondent, although a US resident who is a respondent may file counterclaims against a foreign claimant.

Further information about the CCB and how to bring and maintain a claim is located at <https://ccb.gov/>.

9.5 Necessary Parties

Only a copyright owner/author, assignee or exclusive licensee may bring an infringement action.

9.6 Third Parties

Third parties may be involved in proceedings for copyright infringement in several ways. When a plaintiff asserts claims of both direct and contributory infringement, and only pursues one type of offender, the other alleged infringers may remain at large but may end up as witnesses in the pending case.

Under the Federal Rule of Civil Procedure (FRCP) 65(d)(2), federal court injunctions bind the parties, the "parties' officers, agents, servants, employees, and attorneys", and "other persons who are in active concert or participation with" any of the above. Non-parties who do not receive notice of the injunction are not bound. Non-parties probably will not be sanctioned (unless they fail to comply with a non-party subpoena under FRCP 45) and will not be subject to damages awards.

9.7 Urgent and Interim Measures

In federal court, plaintiffs may seek emergency relief by filing for a temporary restraining order (TRO) or preliminary injunction (PI). These tools are governed by FRCP 65. TROs can be heard ex parte in court (without the participation of the party to be enjoined), are inherently limited in scope and time, and will only last for 14 days, whereas PIs necessitate full briefing and a hearing and, if granted, last throughout the litigation. The requirements are generally the same:

- likelihood of success on the merits of the underlying claim;
- irreparable injury (non-compensable by money damages);

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- the balance of hardships tipping in the movant’s favour; and
- public interest being served by the injunction.

With TROs, movants can show, as an alternative to the likelihood of success on the merits, that sufficiently serious questions on the merits provide fair ground for litigation and must show that the balance of hardships tips decidedly in their favour, with irreparable harm imminent and likely.

Courts may, at any time during an infringement action, order infringing goods to be impounded.

9.8 Role of Experts

Expert witnesses may be critical in certain copyright cases, but are not mandatory. In the context of substantial similarity, experts carry less weight than the “ordinary observer” test, which recognises a work’s “total concept and feel” (which should be decided by the trier of fact), but they can be useful where objective analysis is required.

Where appropriate, experts serve an important role in litigation, and qualified expert witnesses are used to submit a report and/or testify (or to simply consult) to support the litigant’s position, whether it be to help establish (or disprove) substantial similarity for an infringement analysis or support a damages theory. Experts are key in cases involving nuanced or technical areas of copyright law, including music and software.

Both the plaintiff and the defendant may engage experts who offer competing viewpoints, and use of a knowledgeable expert may spell the difference between a win and a loss. However, experts can be expensive, driving up the costs of litigation, leaving even successful litigants unable to recover the costs of their witnesses, especially considering the Supreme Court recently

limited the types of costs awardable to prevailing parties under Section 505 of the Copyright Act.

9.9 Counterfeits and Parallel Imports

US Customs and Border Patrol (CBP) officials have authority to seize potentially infringing goods. Seizures are governed by a procedure outlined in Title 19 of the Code of Federal Regulations. Copyright owners must first register their copyright with the CO and may then separately file an application to record the copyright to secure customs protection on the CBP’s Intellectual Property Rights e-Recordation website, or mail the application to a CBP office in Washington, DC, along with the USD190 fee. Once approved, CBP recordation lasts for 20 years, unless copyright ownership expires earlier. Owners may renew their recordation for USD80, as long as they submit the renewal application at least three months before the recordation expires.

If CBP officials see goods they suspect infringe a copyright recorded in the database, they may seize them at border control and withhold delivery. Specific notice is then given to both the importer and the copyright owner. The owner may engage in the administrative proceeding with the CBP or seek a court order enjoining importation of the article. Notably, even an owner who has not recorded their copyright with CBP may seek this court order. Following entry of the order, the owner must submit a certified copy of the same to the Commissioner of Customs in order to obtain CBP enforcement.

9.10 Remedies and Sanctions

Monetary remedies for copyright infringement under Copyright Act Sections 504(a)–(d) include the copyright owner’s actual damages, including any of the infringer’s additional profits derived from the infringement, or statutory damages.

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Copyright owners must choose, prior to the rendering of a final judgment, whether to seek either actual damages and profits or statutory damages. There is a current split among US courts, including the Ninth and Second Circuit, over the amount of damages to award in cases where copyright holders first learn of infringement and bring suit long after it originally occurred – a practice allowed under the universally adopted “discovery rule”. Some courts will allow a copyright holder to recover damages dating back to the inception of the infringement, while others limit recovery to three years prior to the filing of the complaint.

Statutory Damages

Statutory damages range from a minimum of USD750 to a maximum of USD30,000 per work infringed (not per infringement) and do not require specific proof; in cases of wilful infringement, the courts have the discretion to increase a statutory damages award up to USD150,000. However, where an infringer can demonstrate that they were unaware of the infringing nature of their conduct (“innocent infringement”), the court may reduce the award to no less than USD200 per work infringed. A finding that the infringer reasonably believed the use to be fair use will protect limited classes of infringers against statutory damages, including employees or agents of non-profit educational institutions, libraries or archives.

Injunctive Relief and Equitable Remedies

The Copyright Act also provides for injunctive relief and equitable remedies. Under Section 502, district courts may grant temporary and final injunctions that are operative and enforceable nationwide against the targeted infringement. Section 503 allows courts to seize and impound infringing copies or phonorecords and,

as part of a final judgment, to order the seized items destroyed.

9.11 Administrative or Criminal Offences

The Copyright Act occasions criminal liability in limited circumstances. Under Section 506(a), criminal sanctions are available against a party that wilfully infringes a copyright for purposes of commercial advantage or private or financial gain, by reproducing or distributing one or more copies or phonorecords of a work valued at more than USD1,000 in any 180-day period, or by electronically distributing a work being prepared for commercial distribution with the knowledge that the work was intended for commercial distribution. Remedies for criminal infringement include forfeiture and destruction of infringing articles (Section 506(b)) and restitution, under 18 USC Section 2323 (a provision of the federal criminal code).

Some courts have held that a copyright registration is not required for the US government to bring a criminal complaint, but this is not settled law. An essential element of a criminal copyright infringement claim is the existence of a “valid” copyright, and a registration strongly evidences this.

9.12 Appellate Procedure

Appellate procedures for copyright cases mirror any other federal case. Copyright cases are appealed to the US circuit courts of appeal, which are not specialised (with the exception of the US Court of Appeals for the Federal Circuit, which hears patent appeals, not copyright appeals). Appeals from the circuit courts proceed to the Supreme Court on a writ of certiorari, which the Court may or may not grant.

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9.13 Costs

The basic US rule is that each party pays its own attorney's fees and costs unless a contract or statute provides otherwise. Section 505 of the Copyright Act provides for the shifting of a prevailing party's fees and costs to the non-prevailing party, but such awards are not mandatory, and district courts have discretion to determine whether fees should be awarded based on various factors established by case law. These include whether the non-prevailing party's claims or defences were objectively unreasonable or frivolous, whether an award would further the prevailing party's need for compensation and deter the non-prevailing party, and the non-prevailing party's motivation.

Outside of the Copyright Act, other rules and statutes bear upon litigation costs, as copyright cases are, by nature, federal actions. Pursuant to FRCP 11, courts may impose sanctions, including paying another party's attorney's fees and expenses, on "any attorney, law firm, or party" found to have violated its responsibilities in conducting the lawsuit, including by bringing or maintaining a suit for an "improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation", as well as for bringing frivolous actions or making baseless factual contentions in court papers. FRCP 37(c), 28 USC Section 1927, and the courts' inherent powers also allow for sanctions for various discovery and litigation abuses both against the parties and their attorneys.

9.14 Alternative Dispute Resolution

Alternative dispute resolution (ADR) is a common way of settling copyright cases. While it is generally not mandatory, some courts strongly encourage (and may order) pre-trial ADR. The most common form in copyright cases is mediation, which is voluntary and non-binding, and can be held through a private provider such as the American Arbitration Association or JAMS, for which the participants must pay, or depending on the jurisdiction, may be provided for by the court at no cost or a reduced cost. Some courts appoint volunteer private attorneys as mediators at no cost; others provide a mediator for a certain number of hours at no cost with fees to be paid after a threshold is met; and others refer the case to a magistrate judge for mediation. Arbitration (which is binding and akin to a private trial) is uncommon in copyright cases and generally does not occur unless a contract between the litigants mandates arbitration versus litigation.

The Mediation Process

The parties select the forum and mediator, and if they cannot agree on a mediator, the organisation or court may appoint one. In copyright cases, parties tend to prefer mediators with substantive experience. Mediators typically hold an initial conference and request pre-mediation letters or briefs. The parties and their attorneys then convene an in-person mediation where the mediator takes turns speaking with each party until a deal is made or a stalemate occurs. Sometimes the mediator offers a "mediator's proposal" that each side can either accept or reject confidentially.

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Cowan DeBaets Abrahams & Sheppard LLP (CDAS) is a boutique firm specialising in entertainment, media and IP law, with offices in New York, NY and Beverly Hills, CA. The firm is a founding legal adviser to the Copyright Alliance and its attorneys hold leadership positions within the MLRC and ABA IP Section. CDAS lawyers have held leadership roles as officers and trustees of the Copyright Society of the USA, have been asked to speak on copyright-related issues throughout the world and engage in advocacy work on behalf of associations in

furtherance of copyright reform. Additionally, CDAS lawyers have appeared in leading copyright cases such as *McGucken v Newsweek* and represented amicus parties in court cases such as *Google v Oracle America* (Supreme Court), *State of Georgia v Public.Resource.Org* (Supreme Court), and *Chronicle Books, LLC v Audible, Inc* (SDNY). The firm also provides copyright clearance review for entertainment and media clients and manages numerous trade mark portfolios.

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Trends and Developments

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Introduction

One of the hottest topics in copyright law in 2022 was generative artificial intelligence (AI). While AI has existed for nearly 50 years – and generative AI systems such as The Next Rembrandt have existed for several years – 2022 saw exponential growth both in the strength of the technology and the attention it has garnered across artistic industries and among intellectual property lawyers around the world.

Attracting the most discussion were text-to-image visual art creators including Craiyon, DALL-E 2, Midjourney, and Stable Diffusion ([stability.ai](https://openai.com/research/stable-diffusion)), and photo editing and avatar-creation app Lensa. These platforms raised the buzz to a roar, allowing anyone to create artwork – from the complex and beautiful to the bizarre and disturbing – simply by typing a text “prompt”.

These generated images began going viral in April of 2022 and in months, OpenAI – the company behind DALL-E 2 – had over a million users, as did Midjourney’s pay service, Dream Studio. Text-to-video generators (such as Meta’s forthcoming Make-a-Video) are now on the horizon, as well as AI that can create all forms of copyrightable content including music, articles, poetry and code. These platforms are not without controversy and many have grabbed headlines over the past year, including an individual who used Midjourney to win a Colorado State Fair art prize over human-authored paintings. The public and commentators have mixed emotions over these new platforms given the complex legal and ethical gray areas generative AI raises. This

article discusses some of the major copyright implications for generative AI systems under the US Copyright Act, including authorship, ownership, copyrightability, fair use and infringement.

What is Generative AI?

AI is any technique enabling computers to mimic human intelligence. Generative AI is governed by neural networks capable of “machine learning” or “deep learning” – processes that use information to solve new problems outside the scope of their initial training. In other words, generative AI includes unsupervised or semi-supervised algorithms that enable computers to use existing content like text, audio and video files, images, and even code to create new content that appears authentic. These computers detect patterns in the underlying datasets to output new content. The main generative AI models are Generative Adversarial Networks (GANs), which can create visual and multimedia content from both image and text datasets, and Generative Pre-Trained (GPT) language models that can use information gathered on the internet to create new content.

Text-to-image platforms can use a GAN or a diffusion model. The GAN model is based on one neural network trained to pair an image with text that describes that image, and another trained to generate new images that the first neural network accepts as a match for the prompt. Newer art generators such as DALL-E 2 use a diffusion model, a neural network trained to clean images up by changing the image pixel by pixel until nothing is left but static and then recreating the

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image, with each iterative version approaching a new image.

These processes occur using a massive underlying dataset from which the AI systems “learn” to create accurate content by matching text to images. These datasets, such as LAION, contain billions of pairings of text and images scraped from the internet and a tremendous amount of copyrighted works, creating difficult questions surrounding copyright infringement and fair use. But even before addressing dataset issues, fundamental questions at the heart of the AI debate are: (i) who can be an author of a generative AI work, and (ii) is the output from an AI engine resulting from the text prompt of a human user copyrightable?

Main Copyright Issues

Authorship and originality

A threshold question under US copyright law is who qualifies as the author of an AI-created work, assuming the generative output can be deemed original enough to be copyrightable. Most debates revolve around whether the AI itself can own the copyright, and if not, whether the user, programmer, or company that owns the AI can or should own the output – or if no one can or should own the resulting works. There are few clear answers, given the novelty of the legal questions.

AI as author

The clearest issue surrounding generative AI and copyright, is the unlikelihood that the AI alone will be deemed author of its output. Under US copyright law, only humans are deemed the authors of copyrightable works. The US Copyright Office has long opined that non-humans cannot own copyrights. See US Copyright Office, Compendium of US Copyright Office Practices § 313.2; US Copyright Office, Report

to the Librarian of Congress by the Register of Copyrights 5 (1966). The Office recently adopted the same position concerning AI. See Copyright Review Board, Feb. 14, 2022 letter to R. Abbott, Esq. Re: Second Request for Reconsideration for Refusal to Register A Recent Entrance to Paradise (Correspondence ID 1-3ZPC6C3; SR # 1-7100387071), www.copyright.gov/rulings-filings/review-board/docs/a-recent-entrance-to-paradise.pdf. Indeed, the Copyright Office recently pulled back on its initial grant of a registration for a graphic novel whose images were generated by AI, citing potential lack of sufficient human authorship as a reason to review its decision.

Courts have taken similar positions in cases regarding non-human authors, such as the well-known “monkey-selfie case”, *Naruto v Slater*, 888 F.3d 418, 426 (9th Cir. 2018) (rejecting authorship to a non-human), and where “celestial beings” were alleged to have authored a book merely transcribed by humans, *Urantia Found. v Maaherra*, 114 F.3d 955, 958–59 (9th Cir. 1997) (human “scribes” were properly deemed the authors of the book at issue). The language of the Copyright Act is in accord, as it contains much human-centric verbiage. See – eg, 17 USC §§ 101, 201, 203, 304.

This view is currently being challenged in court by Dr Stephen Thaler, creator of an AI algorithm called Creative Machinery, who applied to copyright a generated artwork in 2018 listing the AI as author and claiming transferred ownership of the work via his ownership of the machine. The Copyright Office repeatedly denied his attempts and Dr Thaler has filed a complaint in federal court to reinstate his application and confirm his AI-as-author theory. The case may prove fertile ground for a US court to affirmatively weigh in

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on this issue. See *Thaler v Perlmutter* (1:22-cv-01564) (June 2, 2022).

End-user as author

A popular theory of authorship is that the end-user – the human at the computer terminal who enters the text “prompt” to generate the image output – should be the author even though they only wrote the words that put the AI’s wheels in motion. This approach generally tracks with copyright law’s approach to authorship of works such as photographs, where a photographer arranges the scene and then, by pressing the camera shutter, owns the photo, not the camera manufacturer or designer (let alone the camera, itself). This theory also aligns with the recent AI authorship commentary by the Copyright Office that works created solely by AI are not registerable.

But how to implement this approach in practice will be challenging given the Office’s registration practices, wherein examiners generally do not investigate or verify the information on applications. 17 USC §§ 408–410.

This approach does make sense, however, considering the AI would not independently generate artwork if not for user input, which may itself be creative if it consists of more than just a handful of words or a short phrase (for instance, a narrative paragraph or poem). See *Feist Publications v Rural Telephone Service Co*, 499 US 340 (1991) (threshold for copyright originality is exceedingly low). But users do not play as critical or holistic a role as, for example, photographers, given that they need only provide a short prompt, not select any lighting, angles, conditions or subjects.

In many cases, while an AI image is original enough to copyright, a user’s input may be insuf-

ficient for authorship, and given the information disclosed on the copyright application, the Copyright Office may not even know an AI created the work, what prompts were used, whether they were creative enough, and whether the user can own the resulting artwork rather than just the prompt. It seems unlikely that the Copyright Office would be able to conduct such analysis and the result could lead to ad hoc and arbitrary registrability decisions.

Developer or programmer as author

In keeping with the theme that the computer/algorithm is an inert instrument like a camera that requires human activation, one could also view the AI output as deriving largely from the developer’s software, such that the programmer (or, in many cases, the developer the programmer works for) should be deemed the author of whatever output results because arguably the output is derivative of the algorithm itself. Some developers, like OpenAI in its terms of use for Craiyon, have deemed themselves owners of the engine’s output and grant a license to end-users to make certain uses of the images, whereas others, such as Midjourney, state in their terms of use that the end-user is the owner of the copyrights in generated images, but grants a license to Midjourney.

This approach would imbue companies with vast control over innumerable works, including ones that have not yet been created, while ignoring the village it takes to facilitate AI output and the large dataset selected for AI training. Nor have developers and programmers in other industries historically received ownership in this way.

Moreover, courts have commonly dismissed programmers’ attempts to assert ownership of the programs’ output. For instance, in *Rearden LLC v Walt Disney Co*, 293 F. Supp. 3d 963, 967–

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71 (N.D. Cal. 2018), a software company behind facial performance capture software used in films sued for copyright infringement, alleging that studios had unauthorisedly used its technology, and that it owned the software's output. The court dismissed these claims, saying that software owners' copyrights should only extend to program output where the program "does the lion's share of the work" and the user plays a marginal role. *Id.* at 970-71. This holding, however, revives the question of whether an AI user's input is marginal or not, and what constitutes "the lion's share of the work". Perhaps as to AI, courts could distinguish this early case law, holding that AI systems arguably do the lion's share of the work, with minimal input from users. Coming full circle, an analysis of "lion's share" will be fact-intensive and may lead to arbitrary results, whether by courts or the Copyright Office.

Hybrid contractual approach

Under US law, one can transfer ownership of a work by a signed written agreement. See 17 USC §§ 201(d); 204(a). One potential solution to the authorship/ownership quandary – albeit voluntary – would be to confer joint authorship between end-users of AI platforms and developers. This would account for the fact that both parties are, in varying degrees, necessary to an AI-generated work.

While facially appealing, this approach may also be challenging to implement. Along with a signed writing, co-authors must intend that their contributions merge into a single work. See 17 USC § 101. Simply adding this language to boilerplate terms and conditions may not suffice, see *Thomson v Larson*, 147 F.3d 195, 201 (2d Cir. 1998), and asking users to review and sign a formal contract may be logistically burdensome and deterrent. Moreover, developers would lack incentive to enter such arrangements when they

could claim full ownership from the outset, as many have through their terms of use.

The public domain – no copyright protection

Another proposal is that of no ownership at all. AI-generated works could potentially be considered owned by no one, given the lack of significant human input (particularly where just a few keywords are used). Such works – which are often shared through social media, AI websites and Discord channels – would then be free for anyone to use. However, this view conflicts with some platforms' terms, which claim the developer or user is the owner.

The question of authorship and copyrightability of AI-generated works is in flux, likely with no clear answer until courts issue decisions interpreting the current law as applied to generative AI or legislation amending the Copyright Act is passed, accounting for this new technology. Either avenue is a slow process, and meanwhile AI will continue to advance and outpace the law.

Infringement and fair use

Training data

Beyond authorship, generative AI raises significant concerns regarding whether its unauthorised scraping of training data constitutes infringement or is protected by fair use, and whether its output is infringing of existing works, particularly where users can ask AI to emulate specific artists' styles. Training data is often scraped from the web, as in the case of text-to-image AI such as Stable Diffusion, whose dataset comprised images scraped from hundreds of online domains, including WordPress, Shutterstock, and Getty Images.

Copyright infringement issues arise where the training content contains copyrighted works used without authorisation, as copying this

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content violates the exclusive reproduction right under the Copyright Act. See 17 USC § 106. Whether the practice of scraping data should be excused as fair use is as yet unanswered. See *id.* § 107. Fair use permits unlicensed uses of copyrighted works in certain contexts to promote further expression and innovation – including criticism, commentary, news reporting, teaching, scholarship, and research – based on an analysis of four non-exclusive statutory factors.

The first addresses the purpose and the character of the use, including its commercial nature, and whether the new work transforms the original, imbuing it with a further purpose or different character. This factor, for years, has been considered paramount, particularly the question of “transformative use”, which the Supreme Court adopted as a measure of whether a secondary use of a copyrighted work merely supersedes the objects of the original creation. *Campbell v Acuff-Rose Music, Inc*, 510 US 569, 579 (1994).

Whether using scraped data to train an AI may be considered transformative (as opposed to, for instance, use of online images for aesthetic or conceptual purposes) will be a key question, and the Supreme Court’s forthcoming decision in *Warhol v Goldsmith* may illuminate how this factor should be analysed. Proponents may argue that training sets contain transformative purposes, while opponents would argue that AI’s task is not transformative because it is using existing works to create new visual works for similar and often competing purposes, such as for art, conceptual design or entertainment.

The second fair use factor addresses the nature of the copyrighted work, including whether it is a creative versus factual work. This factor typically is not seen as determinative, but when a work is

more factual, the scale tips in favour of fair use, compared to strictly creative works.

The third factor addresses the amount and substantiality of the copyrighted work used, which in the case of AI training, would typically be an entire work. With visual art, courts have allowed the use of entire underlying works where it is transformative and does not supplant the original. See – eg, *Bill Graham Archives v Dorling Kindersley Ltd*, 448 F.3d 605, 613 (2d Cir. 2006) (“[C]opying of an entire work... does not necessarily weigh against fair use because copying the entirety of a work is sometimes necessary to make a fair use of the image.”).

The fourth factor examines potential market harm the secondary work could cause for the rightsholder’s ability to exploit an original work. This factor used to be seen as paramount, given the economic ramifications for plaintiffs, and asks whether existing or likely licensing markets for the underlying work will be impacted. How this factor tips will largely depend on the nature of the underlying work and artist, and whether there is – or could be – a market for licensing content for use to train AI. Current industry practices shed some light, as image licensing company Shutterstock entered into a licensing arrangement with DALL-E 2, underscoring the value in the visual content and metadata associated with image files.

Considering the emerging nature of AI, US courts have not yet had an opportunity to address the legality of AI datasets. At the outset, it may be difficult for an author to discover that their work was used for training purposes, considering the sheer volume of data involved, as well as secrecy around the data used. However, case law is on the horizon. Concerned visual artists have begun filing suit, including a recent class

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action in California, *Anderson v Stability AI Ltd* (3:23-cv-00201), raising infringement and other claims against Stability AI, Midjourney and DeviantArt for unauthorisedly using the artists' original works in training sets that allow end-users to replicate artworks in their style. Additionally, visual content licensing platform, Getty Images, recently began proceedings against Stability AI in London and the US (1:23-cv-00135), asserting infringement of millions of scraped images owned or represented by Getty Images. A separate class action brought by a programmer accuses Microsoft, GitHub and OpenAI of unauthorisedly reproducing open-source code through AI coding assistant Copilot. This case addresses coding and not text-to-image generators, but the general notion of using existing copyrightable works as training data will likely be front and centre.

Sensing the coming storm, many generative AI companies have already begun implementing policies to safeguard against infringement claims. Many incorporate terms of service that require users to avoid using prompts that draw from copyrighted works to generate works, which, admittedly, is hard to enforce. Dataset licensing practices are also emerging across industries, though detractors argue that licensing at this scale is impractical and could hinder training.

The image licensing industry is also adopting varying approaches to generative AI and image licensing. Adobe Images has guidelines for submitting images created using generative AI, requiring the images be tagged as AI and restricting any works depicting real places, identifiable property (such as famous characters or logos) or notable people (whether photorealistic or caricatures). Shutterstock has partnered with OpenAI (DALL-E 2) to allow customers to create

and use AI images, under terms and conditions. Some companies are creating their own datasets to create synthetic images such as vAlsu-al, a technology company building AI synthetic images created with a licensable biometrically-released real-life dataset.

Other companies have created or adopted metadata image tags to establish that particular images should not be scraped as data. Finally, insurance and indemnity agreements with image licensing companies may help users reduce the risk of using some AI-generated content for commercial, rather than personal use.

Output

Claims of copyright infringement may also arise when the output from AI generators appears substantially similar to existing works, by virtue of those works being included in the training data or where users ask the generator to create a work in a specific artist's style. When a resulting work – often freely viewable online – appears similar to an existing work, a threshold question for a putative plaintiff will be who to sue. The user, developer and programmers are all potential targets.

One of the most reported examples of an individual artist's works being copied by users by incorporating his name into prompts is Greg Rutowski, an illustrator whose work has appeared in games like "Dungeons & Dragons" and who now faces a parade of AI-generated works that are available online in his style and falsely attributed to him, making it difficult to find his real artwork. Similarly, a Disney illustrator recently discovered that her style had been cloned by an AI, which was fed 32 pieces of her downloaded artwork, without her permission. While an artist's "style" is not protected by copyright, many visual artists raise concern that text-to-visual generative AI

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are mimicking their style and expression, raising ethical as well as copyright questions.

Some AI platforms and online art communities, including ArtStation, DeviantArt and Stable Diffusion, have adopted measures to allow artists to opt-out and remove their works from future training datasets. While a noteworthy concession, many artists support an affirmative opt-in, with the default being that their works cannot be used; technologists disagree, stressing that seeking affirmative permission from every artist with work on the internet would be impossible. There are sites that are even dedicated to helping artists, such as photographers, learn if their images are included in training sets, such as haveibeentrained.com.

Conclusion

Generative AI is still in its nascent phase, with artists, licensors, technology companies and users navigating both the potential for creativity as well as the harm that arises when creating new works. Visual artists legitimately fear that new works created in their style will compete with their copyrighted works. Or worse, that works will be attributable to them that they did not create. Who will be legally responsible for any misappropriation is uncertain.

At the same time, creators of AI generative art may not be able to own copyright in the output. Companies are grappling with the capabilities of generative AI and attempting to develop policies that can take advantage of the new possibilities, while considering the ethical and legal issues involved with the creation of synthetic content. The current copyright system may or may not be adequate to answer these questions, leaving the courts and Congress to determine how to balance the rights of all stakeholders.

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Cowan DeBaets Abrahams & Sheppard LLP (CDAS) is a boutique firm specialising in entertainment, media and IP law, with offices in New York, NY and Beverly Hills, CA. The firm is a founding legal adviser to the Copyright Alliance and its attorneys hold leadership positions within the MLRC and ABA IP Section. CDAS lawyers have held leadership roles as officers and trustees of the Copyright Society of the USA, have been asked to speak on copyright-related issues throughout the world and engage in advocacy work on behalf of associations in

furtherance of copyright reform. Additionally, CDAS lawyers have appeared in leading copyright cases such as *McGucken v Newsweek* and represented amicus parties in court cases such as *Google v Oracle America* (Supreme Court), *State of Georgia v Public.Resource.Org* (Supreme Court), and *Chronicle Books, LLC v Audible, Inc* (SDNY). The firm also provides copyright clearance review for entertainment and media clients and manages numerous trade mark portfolios.

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USA TRENDS AND DEVELOPMENTS

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