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SENATE

REPORT
107–31

# TECHNOLOGY, EDUCATION AND COPYRIGHT HARMONIZATION ACT OF 2001

JUNE 5, 2001.—Ordered to be printed

Mr. HATCH, from the Committee on the Judiciary, submitted the following

## REPORT

[To accompany S. 487]

The Committee on the Judiciary, to which was referred the bill (S. 487) to amend chapter 1 of title 17, United States Code, relating to the exemption of certain performances or displays for educational uses from copyright infringement provisions, to provide that the making of a single copy of such performances or displays is not an infringement, and for other purposes, having considered the same reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

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The bill, as amended, is as follows:

SECTION 1. EDUCATIONAL USE COPYRIGHT EXEMPTION.

(a) SHORT TITLE.—This Act may be cited as the "Technology, Education, and Copyright Harmonization Act of 2001".

(b) EXEMPTION OF CERTAIN PERFORMANCES AND DISPLAYS FOR EDUCATIONAL USES.—Section 110 of title 17, United States Code, is amended—

(1) by striking paragraph (2) and inserting the following:

"(2) except with respect to a work produced or marketed primarily for performance or display as part of mediated instructional activities transmitted via digital networks, or a performance or display that is given by means of a copy or phonorecord that is not lawfully made and acquired under this title, and the



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transmitting government body or accredited nonprofit educational institution knew or had reason to believe was not lawfully made and acquired, the performance of a nondramatic literary or musical work or reasonable and limited portions of any other work, or display of a work in an amount comparable to that which is typically displayed in the course of a live classroom session, by or in the course of a transmission, if—

"(A) the performance or display is made by, at the direction of, or under the actual supervision of an instructor as an integral part of a class session offered as a regular part of the systematic mediated instructional activities of a governmental body or an accredited nonprofit educational institution;

"(B) the performance or display is directly related and of material assistance to the teaching content of the transmission;

"(C) the transmission is made solely for, and, to the extent technologically feasible, the reception of such transmission is limited to—

"(i) students officially enrolled in the course for which the transmission is made; or

"(ii) officers or employees of governmental bodies as a part of their official duties or employment; and

"(D) the transmitting body or institution—

"(i) institutes policies regarding copyright, provides informational materials to faculty, students, and relevant staff members that accurately describe, and promote compliance with, the laws of the United States relating to copyright, and provides notice to students that materials used in connection with the course may be subject to copyright protection; and

"(ii) in the case of digital transmissions—

"(I) applies technological measures that, in the ordinary course of their operations, prevent—

"(aa) retention of the work in accessible form by recipients of the transmission from the transmitting body or institution for longer than the class session; and

"(bb) unauthorized further dissemination of the work in accessible form by such recipients to others; and

"(II) does not engage in conduct that could reasonably be expected to interfere with technological measures used by copyright owners to prevent such retention or unauthorized further dissemination;"; and

(2) by adding at the end the following:

"In paragraph (2), the term 'mediated instructional activities' with respect to the performance or display of a work by digital transmission under this section refers to activities that use such work as an integral part of the class experience, controlled by or under the actual supervision of the instructor and analogous to the type of performance or display that would take place in a live classroom setting. The term does not refer to activities that use, in 1 or more class sessions of a single course, such works as textbooks, course packs, or other material in any media, copies or phonorecords of which are typically purchased or acquired by the students in higher education for their independent use and retention or are typically purchased or acquired for elementary and secondary students for their possession and independent use.

"For purposes of paragraph (2), accreditation—

"(A) with respect to an institution providing post-secondary education, shall be as determined by a regional or national accrediting agency recognized by the Council on Higher Education Accreditation or the United States Department of Education; and

"(B) with respect to an institution providing elementary or secondary education, shall be as recognized by the applicable state certification or licensing procedures.

"For purposes of paragraph (2), no governmental body or accredited nonprofit educational institution shall be liable for infringement by reason of the transient or temporary storage of material carried out through the automatic technical process of a digital transmission of the performance or display of that material as authorized under paragraph (2). No such material stored on the system or network controlled or operated by the transmitting body or institution under this paragraph shall be maintained on such system or network in a manner ordinarily accessible to anyone other than anticipated recipients. No such copy shall be maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary to facilitate the transmissions for which it was made.".

(c) EPHEMERAL RECORDINGS.—

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(1) IN GENERAL.—Section 112 of title 17, United States Code, is amended—
(A) by redesignating subsection (f) as subsection (g); and
(B) by inserting after subsection (e) the following:

"(f)(1) Notwithstanding the provisions of section 106, and without limiting the application of subsection (b), it is not an infringement of copyright for a governmental body or other nonprofit educational institution entitled under section 110(2) to transmit a performance or display to make copies or phonorecords of a work that is in digital form and, solely to the extent permitted in paragraph (2), of a work that is in analog form, embodying the performance or display to be used for making transmissions authorized under section 110(2), if—

"(A) such copies or phonorecords are retained and used solely by the body or institution that made them, and no further copies or phonorecords are reproduced from them, except as authorized under section 110(2); and

"(B) such copies or phonorecords are used solely for transmissions authorized under section 110(2).

"(2) This subsection does not authorize the conversion of print or other analog versions of works into digital formats, except that such conversion is permitted hereunder, only with respect to the amount of such works authorized to be performed or displayed under section 110(2), if—

"(A) no digital version of the work is available to the institution; or

"(B) the digital version of the work that is available to the institution is subject to technological protection measures that prevent its use for section 110(2).".

(2) TECHNICAL AND CONFORMING AMENDMENT.—Section 802(c) of title 17, United States Code, is amended in the third sentence by striking "section 112(f)" and inserting "section 112(g)".

(d) PATENT AND TRADEMARK OFFICE REPORT.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act and after a period for public comment, the Undersecretary of Commerce for Intellectual Property, after consultation with the Register of Copyrights, shall submit to the Committees on the Judiciary of the Senate and the House of Representatives a report describing technological protection systems that have been implemented, are available for implementation, or are proposed to be developed to protect digitized copyrighted works and prevent infringement, including upgradeable and self-repairing systems, and systems that have been developed, are being developed, or are proposed to be developed in private voluntary industry-led entities through an open broad based consensus process. The report submitted to the Committees shall not include any recommendations, comparisons, or comparative assessments of any commercially available products that may be mentioned in the report.

(2) LIMITATIONS.—The report under this subsection—

(A) is intended solely to provide information to Congress; and

(B) shall not be construed to affect in any way, either directly or by implication, any provision of title 17, United States Code, including the requirements of clause (ii) of section 110(2)(D) of that title (as added by this Act), or the interpretation or application of any such provision, including evaluation of the compliance with that clause by any governmental body or nonprofit educational institution.

## I. PURPOSE

S. 487, the "Technology, Education And Copyright Harmonization Act of 2001," or the "TEACH Act," updates the distance education provisions of the Copyright Act for the 21st Century. The Act allows students and teachers to benefit from deployment in education of advanced digital transmission technologies like the Internet, while introducing safeguards to limit the additional risks to copyright owners that are inherent in exploiting works in a digital format. This legislation has been crafted in a process that has ensured a broad consensus of affected parties.

Education is the means by which we develop our nation's human resources. In this information age, marked by both cooperation and competition on a global scale, the ability of the United States to meet its domestic and international challenges and responsibilities is directly dependent on its educational capacity. That capacity in

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turn will be determined by the quality of our educational programs and their reach to all sectors of the public. For our nation to maintain its competitive edge, it will need to extend education beyond children and young adults to lifelong learning for working adults, and to reach all students of all income levels, in cities and rural settings, in schools and on campuses, in the workplace, at home, and at times selected by students to meet their needs.

Digital distance education helps make this possible, whether in the traditional sense, when instructor and student are separated in place and perhaps time, or in new hybrids of traditional classroom education combined with online components. Increasingly, college students can submit class assignments by email and participate in discussions that connect students in a classroom with students beyond the classroom. Similarly, K–12 students can learn about the customs and cultures of other countries through real-time audiovisual conversations with pen pals from those countries; they can learn science in new ways by having scientific demonstrations and actual experiments conducted at distant locations brought to them in real time via the Internet. The National Science Foundation, the National Academy of Sciences, and other scientific societies and educational organizations are working hard to improve our nation's science and mathematics education; other groups are developing new ways to bring humanities and the arts to students and the broader public. Many of these new educational efforts draw on advances in information technology and digital networks.

The TEACH Act amends sections 110(2) and 112 of the Copyright Act to facilitate the growth and development of digital distance education. The Act expands the exempted copyright rights, the types of transmissions, and the categories of works that the exemption covers beyond those that are covered by the existing exemption for performances and displays of certain copyrighted works in the course of instructional transmissions. Thus, for example, it allows transmissions to locations other than a physical classroom, and allows for performances of reasonable and limited portions of audiovisual works, sound recordings, and other works within the scope of the exemption. At the same time, it maintains and clarifies the concept of "mediated instructional activities" to which the exemption applies, and includes safeguards such as obligations to implement technological protection measures and limitations on the amounts of certain types of works that may be performed or displayed. The Act also amends section 112 of the Copyright Act to permit storage of copyrighted material on servers in order to permit the performances and displays authorized by section 110(2) to be made asynchronously in distance education courses.

## II. Legislative History

Section 110(2) of the Copyright Act was enacted in 1976[1] on the basis of a policy determination that certain performances and displays of copyrighted works in connection with systematic instruction using then-known forms of distance education should be permitted without a need to obtain a license or rely on fair use. The technological characteristics of digital transmissions have rendered the language of section 110(2) inapplicable to the most advanced

[1] Act of Oct. 19, 1976, Pub. L. No. 94–553, 90 Stat. 2549 (1976).

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delivery methods for instruction. Without an amendment to accommodate these new technologies, the policy behind the 1976 Act would be increasingly diminished.

At the same time, two factors recommend some recalibrating of the policy balance struck in 1976. The characteristics of digital transmission technologies present new educational opportunities, such as the ability to provide a media-rich, interactive educational experience to students unable to attend classes at the physical location of the institution. On the other hand, the ability of digital transmission technologies to disseminate rapidly and without control virtually infinite numbers of high quality copies, create new risks for the owners of copyrighted works used in distance education.

In the five years leading up to the passage of the Digital Millennium Copyright Act (DMCA) in 1998,[2] the application of copyright law to distance education using digital technologies was the subject of public debate and attention in the United States. Extensive discussions concerning the issue were conducted during Congress' consideration of the DMCA, but no conclusion was reached. Therefore, in section 403 of the DMCA, Congress directed the Copyright Office to consult with representatives of copyright owners, non-profit educational institutions, and non-profit libraries and archives, and thereafter to submit to Congress "recommendations on how to promote distance education through digital technologies, including interactive digital networks, while maintaining an appropriate balance between the rights of copyright owners and the needs of users of copyrighted works."[3] The recommendations were to include any legislation the Register of Copyrights considered appropriate to achieve that objective. The Copyright Office was specifically directed to consider the following issues: the need for a new exemption, the categories of works to be included in any exemption, the appropriate quantitative limitations on the portions of works that may be used under any exemption, which parties should be eligible for any exemption, which parties should be eligible recipients of distance education material under any exemption, the extent to which technological protection measures should be mandated as a condition of eligibility for any exemption, the extent to which the availability of licenses should be considered in assessing the eligibility for any exemption, and other issues the Office considered appropriate.

The Copyright Office conducted an extensive and intensive process of identifying stakeholders, holding public hearings, soliciting comments, conducting research, and consulting with experts in various fields. On May 10, 1999, the Register of Copyrights formally presented the findings and recommendations of the Copyright Office to the Senate Judiciary Committee.[4] Among other things, the Copyright Office recommended the following changes: elimination of the requirement of a physical classroom, clarification that the term "transmission" covers digital transmissions, expanding the rights covered by the exemption to include those needed to accomplish network transmissions, expanding the categories of works exempted from the performance rights beyond the current coverage

[2] Act of Oct. 28, 1998, Pub. L. No. 105-304, 112 Stat. 2877 (1998).
[3] Id.
[4] Register of Copyrights, Report on Copyright and Digital Distance Education (1999).

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of non-dramatic literary and musical works, and creating new safeguards to counteract the risks imposed by digital transmissions.[5]

Following careful review and consideration of the Copyright Office's findings and recommendations, the Chairman, Senator Hatch, joined by the Ranking Member, Senator Leahy, introduced S. 487, the "Technology, Education and Copyright Harmonization Act of 2001," or the "TEACH Act,"[6] on March 7, 2001, to implement many of the Copyright Office recommendations.

On May 13, 2001, the Judiciary Committee held a hearing that focused on amendments to the copyright law proposed by the "TEACH Act." The Register of Copyrights, Ms. Marybeth Peters, testified on behalf of the Copyright Office. The Committee also heard testimony from Mr. Gerald A. Heeger, President of the University of Maryland College Park; Mr. Allan Adler, Vice President for Legal & Governmental Affairs for the Association of American Publishers; Mr. Richard Siddoway, Principal of the Utah Electronic High School; Mr. Paul LeBlanc, President of Malboro College, Vermont; and Mr. Gary Carpenter, Adjunct Professor of Law at American University, Washington, DC.

On March 17, 2001, the Judiciary Committee met in executive session to consider S. 487. An amendment in the nature of a substitute was offered by the Chairman, Senator Hatch, together with the Ranking Member, Senator Leahy, which had been developed to implement the purposes of the TEACH Act, following extensive discussions with the education and copyright owner communities, and with further assistance from the Copyright Office. The substitute amendment was adopted by unanimous consent and the bill, as amended, was then ordered to be favorably reported to the full Senate by unanimous consent.

## III. VOTE OF THE COMMITTEE

The Senate Committee on the Judiciary, with a quorum present, met on Thursday, May 17, 2001, at 10:00 a.m., to consider the Technology, Education and Copyright Harmonization Act of 2001. The Committee considered and accepted by unanimous consent an amendment in the nature of a substitute offered by the Chairman (for himself and Mr. Leahy). The Committee then ordered the Technology, Education and Copyright Harmonization Act of 2001 to be reported favorably to the Senate, as amended, by unanimous consent, with a recommendation that the bill do pass.

## IV. SECTION-BY-SECTION ANALYSIS

*Subsection (a): Short Title*

This section provides that this Act may be cited as the "Technology, Education and Copyright Harmonization Act of 2001."

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[5] Id.

[6] S. 487, 107th Cong., 1st Sess. (2001). See 2000 Cong. Rec. S 2008–2009 (daily ed. Mar. 7, 2001).

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*Subsection (b): Exemption of Certain Performances and Displays for Educational Uses*

*Summary*

Section 1(b) of the TEACH Act amends section 110(2) of the Copyright Act to encompass performances and displays of copyrighted works in digital distance education under appropriate circumstances. The section expands the scope of works to which the amended section 110(2) exemption applies to include performances of reasonable and limited portions of works other than nondramatic literary and musical works (which are currently covered by the exemption), while also limiting the amount of any work that may be displayed under the exemption to what is typically displayed in the course of a live classroom session. At the same time, section 1(b) removes the concept of the physical classroom, while maintaining and clarifying the requirement of mediated instructional activity and limiting the availability of the exemption to mediated instructional activities of governmental bodies and "accredited" non-profit educational institutions. This section of the Act also limits the amended exemption to exclude performances and displays given by means of a copy or phonorecord that is not lawfully made and acquired, which the transmitting body or institution knew or had reason to believe was not lawfully made and acquired. In addition, section 1(b) requires the transmitting institution to apply certain technological protection measures to protect against retention of the work and further downstream dissemination. The section also clarifies that participants in authorized digital distance education transmissions will not be liable for any infringement by reason of transient or temporary reproductions that may occur through the automatic technical process of a digital transmission for the purpose of a performance or display permitted under the section. Obviously, with respect to such reproductions, the distribution right would not be infringed. Throughout the Act, the term "transmission" is intended to include transmissions by digital, as well as analog means.

*Works subject to the exemption and applicable portions*

The TEACH Act expands the scope of the section 110(2) exemption to apply to performances and displays of all categories of copyrighted works, subject to specific exclusions for works "produced or marketed primarily for performance or display as part of mediated instructional activities transmitted via digital networks" and performance or displays "given by means of a copy or phonorecord that is not lawfully made and acquired," which the transmitting body or institution "knew or had reason to believe was not lawfully made and acquired."

Unlike the current section 110(2), which applies only to public performances of nondramatic literary or musical works, the amendment would apply to public performances of any type of work, subject to certain exclusions set forth in section 110(2), as amended. The performance of works other than non-dramatic literary or musical works is limited, however, to "reasonable and limited portions" of less than the entire work. What constitutes a "reasonable and limited" portion should take into account both the nature of

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the market for that type of work and the pedagogical purposes of the performance.

In addition, because "display" of certain types of works, such as literary works using an "e-book" reader, could substitute for traditional purchases of the work (e.g., a text book), the display exemption is limited to "an amount comparable to that which is typically displayed in the course of a live classroom setting." This limitation is a further implementation of the "mediated instructional activity" concept described below, and recognizes that a "display" may have a different meaning and impact in the digital environment than in the analog environment to which section 110(2) has previously applied. The "limited portion" formulation used in conjunction with the performance right exemption is not used to connection with the display right exemption, because, for certain works, display of the entire work could be appropriate and consistent with displays typically made in a live classroom setting (e.g., short poems or essays, or images of pictorial, graphic, or sculptural works, etc.).

The exclusion for works "produced or marketed primarily for performance or display as part of mediated instructional activities transmitted via digital networks" is intended to prevent the exemption from undermining the primary market for (and, therefore, impairing the incentive to create, modify or distribute) those materials whose primary market would otherwise fall within the scope of the exemption. The concept of "performance or display as part of mediated instructional activities" is discussed in greater detail below, in connection with the scope of the exemption. It is intended to have the same meaning and application here, so that works produced or marketed primarily for activities covered by the exemption would be excluded from the exemption. The exclusion is not intended to apply generally to all educational materials or to all materials having educational value. The exclusion is limited to materials whose primary market is "mediated instructional activities," i.e., materials performed or displayed as an integral part of the class experience, analogous to the type of performance or display that would take place in a live classroom setting. At the same time, the reference to "digital networks" is intended to limit the exclusion to materials whose primary market is the digital network environment, not instructional materials developed and marketed for use in the physical classroom.

The exclusion of performances or displays "given by means of a copy or phonorecord that is not lawfully made and acquired" under title 17 is based on a similar exclusion in the current language of section 110(1) for the performance or display of an audiovisual work in the classroom. Unlike the provision in section 110(1), the exclusion here applies to the performance or display of any work. But, as in section 110(1), the exclusion applies only where the transmitting body or institution "knew or had reason to believe" that the copy or phonorecord was not lawfully made and acquired. As noted in the Register's Report, the purpose of the exclusion is to reduce the likelihood that an exemption intended to cover only the equivalent of traditional concepts of performance and display would result in the proliferation or exploitation of unauthorized copies.[7] An educator would typically purchase, license, rent, make

[7] Report on Copyright and Digital Distance Education at 159.

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a fair use copy, or otherwise lawfully acquire the copy to be used, and works not yet made available in the market (whether by distribution, performance or display) would, as a practical matter, be rendered ineligible for use under the exemption.

*Eligible transmitting entities*

As under the current section 110(2), the exemption, as amended, is limited to government bodies and non-profit educational institutions. However, due to the fact that, as the Register's Report points out, "nonprofit educational institutions" are no longer a closed and familiar group, and the ease with which anyone can transmit educational material over the Internet, the amendment would require non-profit educational institutions to be "accredited" in order to provide further assurances that the institution is a bona fide educational institution. It is not otherwise intended to alter the eligibility criteria. Nor is it intended to limit or affect any other provision of the Copyright Act that relates to non-profit educational institutions or to imply that non-accredited educational institutions are necessarily not bona fide.

"Accreditation" is defined in section 1(b)(2) of the TEACH Act in terms of the qualification of the educational institution. It is not defined in terms of particular courses or programs. Thus, an accredited nonprofit educational institution qualifies for the exemption with respect to its courses whether or not the courses are part of a degree or certificate-granting program.

*Qualifying performances and displays; mediated instructional activities*

Subparagraph (2)(A) of the amended exemption provides that the exemption applies to a performance or display made "by, at the direction of, or under the actual supervision of an instructor as an integral part of a class session offered as a regular part of * * * systematic mediated instructional activity." The subparagraph includes several requirements, all of which are intended to make clear that the transmission must be part of mediated instructional activity. First, the performance or display must be made by, under the direction of, or under the actual supervision of an instructor. The performance or display may be initiated by the instructor. It may also be initiated by a person enrolled in the class as long as it is done either at the direction, or under the actual supervision, of the instructor. "Actual" supervision is intended to require that the instructor is, in fact, supervising the class activities, and that supervision is not in name or theory only. It is not intended to require either constant, real-time supervision by the instructor or pre-approval by the instructor for the performance or display. Asynchronous learning, at the pace of the student, is a significant and beneficial characteristic of digital distance education, and the concept of control and supervision is not intended to limit the qualification of such asynchronous activities for this exemption.

The performance or display must also be made as an "integral part" of a class session, so it must be part of a class itself, rather than ancillary to it. Further, it must fall within the concept of "mediated instructional activities" as described in section 1(b)(2) of the TEACH Act. This latter concept is intended to require the performance or display to be analogous to the type of performance or dis-

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play that would take place in a live classroom setting. Thus, although it is possible to display an entire textbook or extensive course-pack material through an e-book reader or similar device or computer application, this type of use of such materials as supplemental reading would not be analogous to the type of display that would take place in the classroom, and therefore would not be authorized under the exemption.

The amended exemption is not intended to address other uses of copyrighted works in the course of digital distance education, including student use of supplemental or research materials in digital form, such as electronic course packs, e-reserves, and digital library resources. Such activities do not involve uses analogous to the performances and displays currently addressed in section 110(2).

The "mediated instructional activity" requirement is thus intended to prevent the exemption provided by the TEACH Act from displacing textbooks, course packs or other material in any media, copies of phonorecords of which are typically purchased or acquired by students for their independent use and retention (in most post-secondary and some elementary and secondary contexts). The Committee notes that in many secondary and elementary school contexts, such copies of such materials are not purchased or acquired directly by the students, but rather are provided for the students' independent use and possession (for the duration of the course) by the institution.

The limitation of the exemption to systematic "mediated instructional activities" in subparagraph (2)(A) of the amended exemption operates together with the exclusion in the opening clause of section 110(2) for works "produced or marketed primarily for performance or display as part of mediated instructional activities transmitted via digital networks" to place boundaries on the exemption. The former relates to the nature of the exempt activity; the latter limits the relevant materials by excluding those primarily produced or marketed for the exempt activity.

One example of the interaction of the two provisions is the application of the exemption to textbooks. Pursuant to subparagraph (2)(A), which limits the exemption to "mediated instructional activities," the display of material from a textbook that would typically be purchased by students in the local classroom environment, in lieu of purchase by the students, would not fall within the exemption. Conversely, because textbooks typically are not primarily produced or marketed for performance or display in a manner analogous to performances or display in the live classroom setting, they would not per se be excluded from the exemption under the exclusion in the opening clause. Thus, an instructor would not be precluded from using a chart or table or other short excerpt from a textbook different from the one assigned for the course, or from emphasizing such an excerpt from the assigned textbook that had been purchased by the students.

The requirement of subparagraph (2)(B), that the performance or display must be directly related and of material assistance to the teaching content of the transmission, is found in current law, and has been retained in its current form. As noted in the Register's

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Report,[8] this test of relevance and materiality connects the copyrighted work to the curriculum, and it means that the portion performed or displayed may not be performed or displayed for the mere entertainment of the students, or as unrelated background material.

*Limitations on receipt of transmissions*

Unlike current section 110(2), the TEACH Act amendment removes the requirement that transmissions be received in classrooms or similar places devoted to instruction unless the recipient is an officer or employee of a government body or is prevented by disability or special circumstances from attending a classroom or similar place of instruction. One of the great potential benefits of digital distance education is its ability to reach beyond the physical classroom, to provide quality educational experiences to all students of all income levels, in cities and rural settings, in schools and on campuses, in the workplace, at home, and at times selected by students to meet their needs.

In its place, the Act substitutes the requirement in subparagraph (2)(C) that the transmission be made solely for, and to the extent technologically feasible, the reception is limited to students officially enrolled in the course for which the transmissions is made or governmental employees as part of their official duties or employment. This requirement is not intended to impose a general requirement of network security. Rather, it is intended to require only that the students or employees authorized to be recipients of the transmission should be identified, and the transmission should be technologically limited to such identified authorized recipients through systems such as password access or other similar measures.

*Additional safeguards to counteract new risks*

The digital transmission of works to students poses greater risks to copyright owners than transmissions through analog broadcasts. Digital technologies make possible the creation of multiple copies, and their rapid and widespread dissemination around the world. Accordingly, the TEACH Act includes several safeguards not currently present in section 110(2).

First, a transmitting body or institution seeking to invoke the exemption is required to institute policies regarding copyright and to provide information to faculty, students and relevant staff members that accurately describe and promote compliance with copyright law. Further, the transmitting organization must provide notice to recipients that materials used in connection with the course may be subject to copyright protection. These requirements are intended to promote an environment of compliance with the law, inform recipients of their responsibilities under copyright law, and decrease the likelihood of unintentional and uninformed acts of infringement.

Second, in the case of a digital transmission, the transmitting body or institution is required to apply technological measures to prevent (i) retention of the work in accessible form by recipients to which it sends the work for longer than the class session, and (ii)

[8] Id. at 80.

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unauthorized further dissemination of the work in accessible form by such recipients. Measures intended to limit access to authorized recipients of transmissions from the transmitting body or institution are not addressed in this subparagraph (2)(D). Rather, they are the subjects of subparagraphs (2)(C).

The requirement that technological measures be applied to limit retention for no longer than the "class session" refers back to the requirement that the performance be made as an "integral part of a class session." The duration of a "class session" in asynchronous distance education would generally be that period during which a student is logged on to the server of the institution or governmental body making the display or performance, but is likely to vary with the needs of the student and with the design of the particular course. It does not mean the duration of a particular course (i.e., a semester or term), but rather is intended to describe the equivalent of an actual single face-to-face mediated class session (although it may be asynchronous and one student may remain online or retain access to the performance or display for longer than another student as needed to complete the class session). Although flexibility is necessary to accomplish the pedagogical goals of distance education, the Committee expects that a common sense construction will be applied so that a copy or phonorecord displayed or performed in the course of a distance education program would not remain in the possession of the recipient in a way that could substitute for acquisition or for uses other than use in the particular class session. Conversely, the technological protection measure in subparagraph (2)(D)(ii) refers only to retention of a copy or phonorecord in the computer of the recipient of a transmission. The material to be performed or displayed may, under the amendments made by the Act to section 112 and with certain limitations set forth therein, remain on the server of the institution or government body for the duration of its use in one or more courses, and may be accessed by a student each time the student logs on to participate in the particular class session of the course in which the display or performance is made. The reference to "accessible form" recognizes that certain technological protection measures that could be used to comply with subparagraph (d)(D)(ii) do not cause the destruction or prevent the making of a digital file; rather they work by encrypting the work and limiting access to the keys and the period in which such file may be accessed. On the other hand, an encrypted file would still be considered to be in "accessible form" if the body or institution provides the recipient with a key for use beyond the class session.

Paragraph (2)(D)(ii) provides, as a condition of eligibility for the exemption, that a transmitting body or institution apply technological measures that reasonably prevent both retention of the work in accessible form for longer than the class session and further dissemination of the work.

*Transient and temporary copies*

Section 1(b)(2) of the TEACH Act implements the Register's recommendation that liability not be imposed upon those who participate in digitally transmitted performances and displays authorized under this subsection by reason of copies or phonorecords made through the automatic technical process of such transmission, or

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any distribution resulting therefrom. Certain modifications have been made to the Register's recommendations to accommodate instances where the recommendation was either too broad or not sufficiently broad to cover the appropriate activities.

The third paragraph added to the amended exemption under section 1(b)(2) of the TEACH Act recognizes that transmitting organizations should not be responsible for copies or phonorecords made by third parties, beyond the control of the transmitting organization. However, consistent with the Register's concern that the exemptions should not be transformed into a mechanism for obtaining copies,[9] the paragraph also requires that such transient or temporary copies stored on the system or network controlled or operated by the transmitting body or institution shall not be maintained on such system or network "in a manner ordinarily accessible to anyone other than anticipated recipients" or "in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary to facilitate the transmissions" for which they are made.

The liability of intermediary service providers remains governed by section 512, but, subject to section 512(d) and section 512(e), section 512 will not affect the legal obligations of a transmitting body or institution when it selects material to be used in teaching a course, and determines how it will be used and to whom it will be transmitted as a provider of content.

The paragraph refers to "transient" and "temporary" copies consistent with the terminology used in section 512, including transient copies made in the transmission path by conduits and temporary copies, such as caches, made by the originating institution, by service providers or by recipients. Organizations providing digital distance education will, in many cases, provide material from source servers that create additional temporary or transient copies or phonorecords of the material in storage known as "caches" in other servers in order to facilitate the transmission. In addition, transient or temporary copies or phonorecords may occur in the transmission stream, or in the computer of the recipient of the transmission. Thus, by way of example, where content is protected by a digital rights management system, the recipient's browser may create a cache copy of an encrypted file on the recipient's hard disk, and another copy may be created in the recipient's random access memory at the time the content is perceived. The third paragraph added to the amended exemption by section 1(b)(2) of the TEACH Act is intended to make clear that those authorized to participate in digitally transmitted performances and displays as authorized under section 110(2) are not liable for infringement as a result of such copies created as part of the automatic technical process of the transmission if the requirements of that language are met. The paragraph is not intended to create any implication that such participants would be liable for copyright infringement in the absence of the paragraph.

*Subsection (c): Ephemeral Recordings*

One way in which digitally transmitted distance education will expand America's educational capacity and effectiveness is through

[9] Id. at 151.

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the use of asynchronous education, where students can take a class when it is convenient for them, not at a specific hour designated by the body or institution. This benefit is likely to be particularly valuable for working adults. Asynchronous education also has the benefit of proceeding at the student's own pace, and freeing the instructor from the obligation to be in the classroom or on call at all hours of the day or night.

In order for asynchronous distance education to proceed, organizations providing distance education transmissions must be able to load material that will be displayed or performed on their servers, for transmission at the request of students. The TEACH Act's amendment to section 112 makes that possible.

Under new subsection 112(f)(1), transmitting organizations authorized to transmit performances or displays under section 110(2) may load on their servers copies or phonorecords of the performance or display authorized to be transmitted under section 110(2) to be used for making such transmissions. The subsection recognizes that it often is necessary to make more than one ephemeral recording in order to efficiently carry out digital transmissions, and authorizes the making of such copies or phonorecords.

Subsection 112(f) imposes several limitations on the authorized ephemeral recordings. First, they may be retained and used solely by the government body or educational institution that made them. No further copies or phonorecords may be made from them, except for copies or phonorecords that are authorized by subsection 110(2), such as the copies that fall within the scope of the third paragraph added to the amended exemption under section 1(b)(2) of the TEACH Act. The authorized ephemeral recordings must be used solely for transmissions authorized under section 110(2).

The Register's Report notes the sensitivity of copyright owners to the digitization of works that have not been digitized by the copyright owner. As a general matter, subsection 112(f) requires the use of works that are already in digital form. However, the Committee recognizes that some works may not be available for use in distance education, either because no digital version of the work is available to the institution, or because available digital versions are subject to technological protection measures that prevent their use for the performances and displays authorized by section 110(2). In those circumstances where no digital version is available to the institution or the digital version that is available is subject to technological measures that prevent its use for distance education under the exemption, section 112(f)(2) authorizes the conversion from an analog version, but only conversion of the portion or amount of such works that are authorized to be performed or displayed under section 110(2). It should be emphasized that subsection 112(f)(2) does not provide any authorization to convert print or other analog versions of works into digital format except as permitted in section 112(f)(2).

*Relationship to fair use and contractual obligations*

As the Register's Report makes clear "critical to [its conclusion and recommendations] is the continued availability of the fair use doctrine."[10] Nothing in this Act is intended to limit or otherwise

[10] Id. at xvi.

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to alter the scope of the fair use doctrine. As the Register's Report explains:

> Fair use is a critical part of the distance education landscape. Not only instructional performances and displays, but also other educational uses of works, such as the provision of supplementary materials or student downloading of course materials, will continue to be subject to the fair use doctrine. Fair use could apply as well to instructional transmissions not covered by the changes to section 110(2) recommended above. Thus, for example, the performance of more than a limited portion of a dramatic work in a distance education program might qualify as fair use in appropriate circumstances.[11]

The Register's Report also recommends that the legislative history of legislation implementing its distance education requirements make certain points about fair use. Specifically, this legislation is enacted in recognition of the following:

a. the fair use doctrine is technologically neutral and applies to activities in the digital environment; and

b. the lack of established guidelines for any particular type of use does not mean that fair use is inapplicable.[12]

While the Register's Report also examined and discussed a variety of licensing issues with respect to educational uses not covered by exemptions or fair use, these issues were not included in the Report's legislative recommendations that formed the basis for the TEACH Act. It is the view of the Committee that nothing in this Act is intended to affect in any way the relationship between express copyright exemptions and license restrictions.

*Nonapplicability to secure tests*

The Committee is aware and deeply concerned about the phenomenon of school officials who are entrusted with copies of secure test forms solely for use in actual test administrations and using those forms for a completely unauthorized purpose, namely helping students to study the very questions they will be asked on the real test. The Committee does not in any way intend to change current law with respect to application of the Copyright Act or to undermine or lessen in any way the protection afforded to secure tests under the Copyright Act. Specifically, this section would not authorize a secure test acquired solely for use in an actual test administration to be used for any other purpose.

*Subsection (d): PTO Report*

The report requested in subsection (d) requests information about technological protection systems to protect digitized copyrighted works and prevent infringement. The report is intended for the information of Congress and shall not be construed to have any effect whatsoever on the meaning, applicability, or effect of any provision of the Copyright Act in general or the TEACH Act in particular.

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[11] Id. at 161–162.
[12] Id.

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## V. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, May 29, 2001.*

Hon. ORRIN G. HATCH,
*Chairman, Committee on the Judiciary,*
*U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 487, the Technology, Education, and Copyright Harmonization Act of 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Ken Johnson (for federal costs) and Paige Piper/Bach (for the private-sector impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

*S. 487—Technology, Education, and Copyright Harmonization Act of 2001*

S. 487 would exempt from copyright laws the digital transmission of literature, music, and other material in educational settings, if certain conditions are met. Copyright laws are administered by the Copyright Office. The bill also would require the Patent and Trademark Office (PTO) to report to the Congress within six months of enactment on the range of technologies that are available to protect the copyrights of material that is accessible in digital form.

Based on information from the Copyright Office and the PTO, CBO estimates that implementing S. 487 would have a negligible on the operating budgets of those agencies. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 487 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. However, the bill would impose a private-sector mandate as defined by UMRA on copyright owners. S. 487 would limit the right of copyright owners to collect compensation under copyright law for use of certain secondary materials by educators in long distance classes over the Internet. The bill would clarify existing law to exempt such materials used in digital distance learning from copyright control. According to information from the Copyright Office and industry sources, compensation currently received by copyright owners from the use of those materials is minimal. CBO estimates, therefore, that the direct cost of the mandate would fall well below the annual threshold established by UMRA for private-sector mandates ($113 million in 2001, adjusted annually for inflation).

The CBO staff contacts for this estimate are Ken Johnson (for federal costs) and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

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## VI. Regulatory Impact Statement

In compliance with paragraph 11(b)(1), rule XXVI of the Standing Rules of the Senate, the Committee, after due consideration, concludes that S. 487 will not have significant regulatory impact.

## VII. Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 487, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

# UNITED STATES CODE

* * * * * * *

# TITLE 17—COPYRIGHTS

* * * * * * *

## CHAPTER 1—SUBJECT MATTER AND SCOPE OF COPYRIGHT

**Sec.**
101. Definitions.

* * * * * * *

### § 110. Limitations on exclusive rights: Exemption of certain performances and displays

Notwithstanding the provisions of section 106, the following are not infringements of copyright:

(1) performance * * *

[(2) performance of a nondramatic literary or musical work or display of a work, by or in the course of a transmission, if—]

*(2) except with respect to a work produced primarily for instructional use or a performance or display that is given by means of a copy that is not lawfully made and acquired under this title, and the transmitting governmental body or nonprofit educational institutional knew or had reason to believe was not lawfully made and acquired, the performance of a nondramatic literary or musical work or reasonable and limited portions of any other work, or display of a work, by or in the course of a transmission, reproduction of such work in transient copies or phonorecords created as a part of the automatic technical process of a digital transmission, and distribution of such copies of phonorecords in the course of such transmission, to the extent technologically necessary to transmit the performance or display, if—*

(A) [the performance or display is a regular] *the performance or display is made by or at the direction of an instructor as an integral part of a class session offered as a regular* part of the systematic instructional activities of a

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governmental body or a nonprofit educational institution; and

* * * * * * *

[(C) the transmission is made primarily for—

[(i) reception in classrooms or similar places normally devoted to instruction, or

[(ii) reception by persons to whom the transmission is directed because their disabilities or other special circumstances prevent their attendance in classrooms or similar places normally devoted to instruction, or

[(iii) reception by officers or employees of governmental bodies as a part of their official duties or employment;]

*(C) the transmission is made solely for, and, to the extent technologically feasible, the reception of such transmission is limited to—*

*(i) students officially enrolled in the course for which the transmission is made; or*

*(ii) officers or employees of governmental bodies as part of their official duties or employment; and*

*(D) any transient copies are retained for no longer than reasonably necessary to complete the transmission; and*

*(E) the transmitting body or institution—*

*(i) institutes policies regarding copyright, provides informational materials to faculty, students, and relevant staff members that accurately describe, and promote compliance with, the laws of the United States relating to copyright, and provides notice to students that materials used in connection with the course may be subject to copyright protection; and*

*(ii) in the case of digital transmissions, applies technological measures that reasonably prevent unauthorized access to and dissemination of the work, and does not intentionally interfere with technological measures used by the copyright owner to protect the work.*

* * * * * * *

**§ 112. Limitations on exclusive rights: Ephemeral recordings**

(a) Notwithstanding * * *

* * * * * * *

(e) STATUTORY LICENSE.—(1) A transmitting * * *

* * * * * * *

(10) Nothing in this subsection annuls, limits, impairs, or otherwise affects in any way the existence or value of any of the exclusive rights of the copyright owners in a sound recording, except as otherwise provided in this subsection, or in a musical work, including the exclusive rights to reproduce and distribute a sound recording or musical work, including by means of a digital phonorecord delivery, under sections 106(1), 106(3), and 115, and the right to perform publicly a sound recording or musical work, including by means of a digital audio transmission, under sections 106(4) and 106(6).

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*(f) Notwithstanding the provisions of section 106, and without limiting the application of subsection (b), it is not an infringement of copyright for a governmental body or other nonprofit educational institution entitled to transmit a performance or display of a work that is in digital form under section 110(2) to make copies or phonorecords embodying the performance or display to be used for making transmissions authorized under section 110(2), if—*

*(1) such copies or phonorecords are retained and used solely by the body or institution that made them, and no further copies or phonorecords are reproduced from them, except as authorized under section 110(2);*

*(2) such copies or phonorecords are used solely for transmissions authorized under section 110(2); and*

*(3) the body or institution does not intentionally interfere with technological measures used by the copyright owner to protect the work.*

[(f)] *(g)* The transmission program embodied in a copy or phonorecord made under this section is not subject to protection as a derivative work under this title except with the express consent of the owners of copyright in the preexisting works employed in the program.

* * * * * * *

**§ 802. Membership and proceedings of copyright arbitration royalty panels**

(a) COMPOSITION OF COPYRIGHT ARBITRATION ROYALTY PANELS.—A copyright arbitration royalty panel shall consist of 3 arbitrators selected by the Librarian of Congress pursuant to subsection (b).

* * * * * * *

(c) ARBITRATION PROCEEDINGS.—Copyright arbitration royalty panels shall conduct arbitration proceedings, subject to subchapter II of chapter 5 of title 5, for the purpose of making their determinations in carrying out the purposes set forth in section 801. The arbitration panels shall act on the basis of a fully documented written record, prior decisions of the Copyright Royalty tribunal, prior copyright arbitration panel determinations, and rulings by the Librarian of Congress under section 801(c). Any copyright owner who claims to be entitled to royalties under section 111, 112, 114, 116, or 119, any transmitting organization entitled to a statutory license under [section 112(f)] *section 112(g)*, any person entitled to a statutory license under section 114(d), any person entitled to a compulsory license under section 115, or any interested copyright party who claims to be entitled to royalties under section 1006, may submit relevant information and proposals to the arbitration panels in proceedings applicable to such copyright owner or interested copyright party, and any other person participating in arbitration proceedings may submit such relevant information and proposals to the arbitration panel conducting the proceedings. In ratemaking proceedings, the parties to the proceedings shall bear the entire cost thereof in such manner and proportion as the arbitration pan-

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els shall direct. In distribution proceedings, the parties shall bear the cost in direct proportion to their share of the distribution.

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I

107TH CONGRESS
1ST SESSION

# S. 487

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2001
Referred to the Committee on the Judiciary

# AN ACT

To amend chapter 1 of title 17, United States Code, relating to the exemption of certain performances or displays for educational uses from copyright infringement provisions, to provide that the making of copies or phonorecords of such performances or displays is not an infringement under certain circumstances, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. EDUCATIONAL USE COPYRIGHT EXEMPTION.**

(a) SHORT TITLE.—This Act may be cited as the "Technology, Education, and Copyright Harmonization Act of 2001".

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(b) EXEMPTION OF CERTAIN PERFORMANCES AND DISPLAYS FOR EDUCATIONAL USES.—Section 110 of title 17, United States Code, is amended—

(1) by striking paragraph (2) and inserting the following:

"(2) except with respect to a work produced or marketed primarily for performance or display as part of mediated instructional activities transmitted via digital networks, or a performance or display that is given by means of a copy or phonorecord that is not lawfully made and acquired under this title, and the transmitting government body or accredited nonprofit educational institution knew or had reason to believe was not lawfully made and acquired, the performance of a nondramatic literary or musical work or reasonable and limited portions of any other work, or display of a work in an amount comparable to that which is typically displayed in the course of a live classroom session, by or in the course of a transmission, if—

"(A) the performance or display is made by, at the direction of, or under the actual supervision of an instructor as an integral part of a class session offered as a regular part of the systematic mediated instructional activities of a



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governmental body or an accredited nonprofit educational institution;

"(B) the performance or display is directly related and of material assistance to the teaching content of the transmission;

"(C) the transmission is made solely for, and, to the extent technologically feasible, the reception of such transmission is limited to—

"(i) students officially enrolled in the course for which the transmission is made; or

"(ii) officers or employees of governmental bodies as a part of their official duties or employment; and

"(D) the transmitting body or institution—

"(i) institutes policies regarding copyright, provides informational materials to faculty, students, and relevant staff members that accurately describe, and promote compliance with, the laws of the United States relating to copyright, and provides notice to students that materials used in connection with the course may be subject to copyright protection; and



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"(ii) in the case of digital transmissions—

"(I) applies technological measures that reasonably prevent—

"(aa) retention of the work in accessible form by recipients of the transmission from the transmitting body or institution for longer than the class session; and

"(bb) unauthorized further dissemination of the work in accessible form by such recipients to others; and

"(II) does not engage in conduct that could reasonably be expected to interfere with technological measures used by copyright owners to prevent such retention or unauthorized further dissemination;"; and

(2) by adding at the end the following:

"In paragraph (2), the term 'mediated instructional activities' with respect to the performance or display of a work by digital transmission under this section refers to activities that use such work as an integral part of the class experience, controlled by or



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under the actual supervision of the instructor and analogous to the type of performance or display that would take place in a live classroom setting. The term does not refer to activities that use, in 1 or more class sessions of a single course, such works as textbooks, course packs, or other material in any media, copies or phonorecords of which are typically purchased or acquired by the students in higher education for their independent use and retention or are typically purchased or acquired for elementary and secondary students for their possession and independent use.

"For purposes of paragraph (2), accreditation—

"(A) with respect to an institution providing post-secondary education, shall be as determined by a regional or national accrediting agency recognized by the Council on Higher Education Accreditation or the United States Department of Education; and

"(B) with respect to an institution providing elementary or secondary education, shall be as recognized by the applicable state certification or licensing procedures.



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"For purposes of paragraph (2), no governmental body or accredited nonprofit educational institution shall be liable for infringement by reason of the transient or temporary storage of material carried out through the automatic technical process of a digital transmission of the performance or display of that material as authorized under paragraph (2). No such material stored on the system or network controlled or operated by the transmitting body or institution under this paragraph shall be maintained on such system or network in a manner ordinarily accessible to anyone other than anticipated recipients. No such copy shall be maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary to facilitate the transmissions for which it was made.".

(c) EPHEMERAL RECORDINGS.—

(1) IN GENERAL.—Section 112 of title 17, United States Code, is amended—

(A) by redesignating subsection (f) as subsection (g); and

(B) by inserting after subsection (e) the following:



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"(f)(1) Notwithstanding the provisions of section 106, and without limiting the application of subsection (b), it is not an infringement of copyright for a governmental body or other nonprofit educational institution entitled under section 110(2) to transmit a performance or display to make copies or phonorecords of a work that is in digital form and, solely to the extent permitted in paragraph (2), of a work that is in analog form, embodying the performance or display to be used for making transmissions authorized under section 110(2), if—

"(A) such copies or phonorecords are retained and used solely by the body or institution that made them, and no further copies or phonorecords are reproduced from them, except as authorized under section 110(2); and

"(B) such copies or phonorecords are used solely for transmissions authorized under section 110(2).

"(2) This subsection does not authorize the conversion of print or other analog versions of works into digital formats, except that such conversion is permitted hereunder, only with respect to the amount of such works authorized to be performed or displayed under section 110(2), if—



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"(A) no digital version of the work is available to the institution; or

"(B) the digital version of the work that is available to the institution is subject to technological protection measures that prevent its use for section 110(2).".

(2) TECHNICAL AND CONFORMING AMENDMENT.—Section 802(c) of title 17, United States Code, is amended in the third sentence by striking "section 112(f)" and inserting "section 112(g)".

(d) PATENT AND TRADEMARK OFFICE REPORT.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act and after a period for public comment, the Undersecretary of Commerce for Intellectual Property, after consultation with the Register of Copyrights, shall submit to the Committees on the Judiciary of the Senate and the House of Representatives a report describing technological protection systems that have been implemented, are available for implementation, or are proposed to be developed to protect digitized copyrighted works and prevent infringement, including upgradeable and self-repairing systems, and systems that have been developed, are being developed, or are proposed to be developed in private voluntary indus-



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try-led entities through an open broad based consensus process. The report submitted to the Committees shall not include any recommendations, comparisons, or comparative assessments of any commercially available products that may be mentioned in the report.

(2) LIMITATIONS.—The report under this subsection—

(A) is intended solely to provide information to Congress; and

(B) shall not be construed to affect in any way, either directly or by implication, any provision of title 17, United States Code, including the requirements of clause (ii) of section 110(2)(D) of that title (as added by this Act), or the interpretation or application of such provisions, including evaluation of the compliance with that clause by any governmental body or nonprofit educational institution.

Passed the Senate June 7, 2001.

Attest: GARY SISCO,

*Secretary.*



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Chairman SENSENBRENNER. The Chair recognizes the gentleman from North Carolina to strike the last word.

Mr. COBLE. Mr. Chairman, the Copyright Act contains provisions outlining permissible uses of copyrighted material for educational purposes, such as fair use and other educational exemptions from copyright infringement. These provisions were written more than two decades ago, however, prior to the advent of digital technologies. Accordingly, the purpose of S. 487 is to update the Copyright Act by appropriately striking a balance between the rights of copyright owners and the ability of users to access copyrighted material via the Internet and other media for educational purposes.

Mr. Chairman and colleagues, this bill is popularly known as the Distance Education or the Teach Act. The legislation makes three basic changes to current law.

First, the bill eliminates the current eligibility requirements for distance learning exemption that the instruction occur in a physical classroom or that special circumstances prevent the attendance of students in the classroom.

Second, the bill clarifies that the distance learning exemption covers the transient or temporary copies that may occur through the automatic technical process of transmitting material over the Internet.

Third, and finally, S. 487 amends the Copyright Act to allow educators to show reasonable and limited portions of dramatic literary and musical works, audiovisual works, and sound recordings, in addition to the complete versions of non-dramatic literary and musical works which are currently exempted.

Mr. Chairman, S. 487 is a product of bipartisan negotiation and in my opinion will greatly assist the education community without compromising the rights of copyright holders. I urge its adoption and yield back the balance of my time.

Chairman SENSENBRENNER. The gentleman from Michigan, Mr. Conyers, moves to strike the last word.

Mr. CONYERS. Thank you. On this side, we completely agree with the gentleman from North Carolina, Mr. Coble, and I have a statement I'd like to enter into the record.

Chairman SENSENBRENNER. Without objection, all Members may enter opening statements in the record at this point.

[The prepared statement of Mr. Conyers follows:]

PREPARED STATEMENT OF THE HONORABLE JOHN CONYERS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

There are many divides when it comes to who should have access to copyrighted content and how, but we all can agree that teachers and students should have access to books, music, and other works that are used to enhance the learning process and spur academic debate. This is important because more and more people are using computer for educational reasons, from doing research to communicating with teachers over the Internet.

Unfortunately, the distance learning exemption of the Copyright Act, which is designed to let teachers distribute copyrighted content to students without paying royalties, has not kept up with the times. The law does not let educators use copyrighted content in online classrooms, where teachers and students meet on a virtual campus instead of an actual one.

Fortunately, the content owners and educators were able to arrive at this compromise legislation to update the exemption. S. 487 makes several important changes to current law. First, it eliminates the requirement for the distance learning exemption that the instruction occur in a physical classroom. This is important because, in today's learning environment, many students attend class in cyberspace.

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Second, to make sure no one takes advantage of the exemption and distributes the content to make money, schools claiming the exemption must not only institute policies regarding the use copyrighted content but also ensure they are not used illegally.

Third, to protect those whose livelihood depends on royalties from distance learning materials themselves, the bill excludes from the exemption any works produced or marketed for that purpose.

Finally, the bill tells the PTO to report to Congress on the availability and development of technological measures to protect copyrighted content from infringement. This report will tell us what technologies are available to facilitate distance learning while deterring infringement.

This legislation is an important step in modernizing our educational systems and is a remarkable signal of how creators and users of intellectual property can work together to resolve their differences.

I urge my colleagues to vote "Yes" on this legislation.

[The prepared statement of Mr. Berman follows:]

PREPARED STATEMENT OF THE HONORABLE HOWARD L. BERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman,

Thank you for calling this markup on S. 487, the "Technology, Education and Copyright Harmonization Act." I think it is important that we enact this legislation before the 107th Congress adjourns, and I commend you for moving forward today.

This bill represents an excellent compromise reached after much deliberation in the Senate. It is my understanding the compromise is so delicate that any amendments could end up scuttling the entire bill. Therefore, I encourage my fellow Committee members to resist the urge to offer even well-meaning amendments. For my own part, I will resist the urge to offer an amendment even though there is a strong argument to be made that the TEACH Act should be coupled with legislation addressing state sovereign immunity for copyright infringement.

This bill represents a significant revision of copyright law. Under certain circumstances, it would exempt a variety of entities from copyright infringement liability if they digitize and place online the copyrighted works of others.

This significant, additional restriction on copyrights is justified by the critical importance and unbounded promise of distance education. With distance education, we can help level the playing field by bringing the tools of success to those students who have the least access to resources.

Widespread use of distance education does bring with it many concerns about down-stream distribution of copyrighted materials, and it is important to continue to incentivize development of new education products. For these reasons, the bill includes requirements for the distance educators to use technology to protect copyrighted materials.

Legislation works best when the interested parties can find a workable compromise. I appreciate that this bill is the result of much blood, sweat and tears, and I fully support the compromise. I urge my colleagues to move this bill without amendment.

I yield back the balance of my time.

[The prepared statement of Mr. Issa follows:]

PREPARED STATEMENT OF THE HONORABLE DARRELL E. ISSA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

I am a very strong proponent of Distance Education. I believe this type of learning will continue to grow as new technology becomes available and more affordable to all of us.

Last year, Representative Boucher and I worked together to craft H.R. 2000, which is the exact text of this Senate Bill 487, but with an added exception for public libraries.

While I would like to see public libraries become more involved in distance education, especially those serving rural areas, I realize this bill has passed the Senate and is on the fast track for passage by the full House. I have received some assurances that public libraries will have protection under S. 487. I will not offer an amendment today, but I will make certain that if public libraries are left out of distance education, I will do all I can to remedy the situation in the future.

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Chairman SENSENBRENNER. Are there amendments? If there are not amendments, in the absence of a reporting quorum the previous question is ordered.

[Intervening business.]

The Committee now returns to the pending unfinished business upon which the previous question was ordered on Senate 487. The Chair notes the presence of a reporting quorum. Those in favor of reporting the bill favorably will say aye. Opposed, no?

The ayes appear to have it. The ayes have it and the motion to report favorably is agreed to. Without objection, the Chairman is authorized to move to go to conference pursuant to House rules. Without objection, the staff is directed to make any technical and conforming changes, and all Members will be given 2 days, as provided by the House rules, in which to submit additional dissenting, supplemental, or minority views.

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