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JOINT EXPLANATORY STATEMENT ON AMENDMENT TO S. 1301

The Leahy-DeConcini-Hatch amendment to S. 1301 makes one principal substantive change to the bill as reported by the Senate Judiciary Committee. It also makes minor clarifying, technical and corrective amendments. Full discussion of the portions of the bill not amended by this amendment may be found in Senate Report 100-352.

The principal change made by the amendment deals with existing section 411 of the Copyright Act , *17 USC 411* . This provision establishes the general rule that a claim of copyright in a work must be registered with the Copyright Office before any lawsuit claiming infringement of the work may be initiated. Section 411(a) contains an exception in the case of a work as to which the Copyright Office has refused to issue a certificate of registration, but the fact remains that a review by the Copyright Office of the validity of a copyright claim is a necessary precondition for enforcement of copyright protection under current law.

The Senate Judiciary Committee concluded that existing section 411 is incompatible with Article 5(2) of the Berne Convention, which states a principle that has been central to Berne almost since its inception: that "the enjoyment and the exercise of [copyright] shall not be subject to any formality." The Committee agreed with the view espoused by most experts who studied the question: the registration prerequisite established by section 411 is a formality prohibited by Berne. Accordingly, S. 1301, both as introduced and as reported by the Committee, eliminated the requirement of registration as a prerequisite to an infringement action. The Committee was convinced that the other, Berne-compatible, incentives for timely registration--including the prima facie evidentiary effect of registration, and the availability of statutory damages and attorneys' fees only in the case of successful infringement actions with respect to registered works--as strengthened by a doubling of statutory damages, were fully adequate to assure that the vast majority of works, whatever their provenance, would continue to be registered.

However, as the Committee noted in its report, the question before it was "whether the registration provisions of existing U.S. copyright law, *as applied to foreign works originating in states adhering to Berne*, constitute a prohibited formality ...." S. Rept. 100-352, at 13 (emphasis added). Berne does not restrict member nations from imposing formalities on works of domestic origin.

In other words, the elimination of section 411(a), as S. 1301 provides, is not, strictly speaking, the most minimal change that may be made in the Copyright Act in order to comply with Berne. All Berne requires is the elimination from U.S. law of formalities applicable to works originating in Berne countries other than the United States.

Following the Senate Judiciary Committee's approval of S. 1301, discussions continued among Senate and House staff, with expert assistance from the Copyright Office and copyright practitioners from the private sector. The goal was to craft a compromise on the issue of copyright registration, between the Senate's proposed elimination of the registration prerequisite contained in section 411, and the conclusion embodied in the House bill (H.R. 4262) that Berne required no change in that section.

The fruit of those discussions is embodied in the amendment to S. 1301 now before the Senate. It establishes a so-called "two-tier" system with respect to the requirements of section 411. Works whose country of origin is a foreign nation adhering to the Berne Convention are exempt from the registration prerequisite; infringement suits may be brought with respect to such works even if they have never been submitted for registration with the Copyright Office. All other works remain subject to existing section 411(a).

The amendment accomplishes four goals important to the effort to bring the United States into the Berne Convention.

First, it is fully consistent with the position embodied in S. 1301 as reported, which concludes that the registration prerequisite is a formality imposed on "the enjoyment and the exercise" of copyright, within the meaning of Article 5(2) of Berne. It thus avoids creating the undesirable precedent that would buttress other current or potential Berne adherents

in arguing that they may impose truly onerous registration requirements on foreign works, including works of U.S. origin, without offending Berne standards.

Second, it establishes a workable test for determining which works may be the subject of infringement actions without prior registration with the Copyright Office. The amendment includes a provision clearly defining the circumstances under which the country of origin of a Berne Convention work is and is not the United States. This definitional provision tracks the definition of "country of origin" found in Article 5(4) of Berne.

This test is, of course, not as easy for the courts to apply as the corresponding provision of S. 1301 as reported. Under the committee-reported bill, the presence or absence of a registration certificate would be irrelevant to a plaintiff's right to sue for infringement, although of course the absence of a certificate would still have highly significant consequences for the plaintiff's ease of proof and for the relief the plaintiff could obtain. However, the amendment seeks to create the simplest possible two-tier system, in order to minimize the potential for disputes over whether or not registration is a prerequisite to a given lawsuit. Furthermore, since those cases in which registration is not a prerequisite to an infringement lawsuit are defined as an exception to the rule contained in section 411(a), it is the plaintiff's responsibility to plead and prove that his or her case comes within the exception for works originating in a foreign country adhering to Berne. It would remain the case, as contemplated by the Senate report, that copyright claimants would have strong business and legal incentives to register their claims to copyright protection in virtually every instance. However, the courthouse door would no longer be barred to any claimant who can demonstrate that the unregistered work he seeks to protect is one as to which registration is not required as a precondition of suit.

Third, this amendment further minimizes the policy objection asserted to the Committee-reported bill: that modification of the registration prerequisite will degrade the quality of the registration system and hamper the acquisition activities of the Library of Congress. While the Committee considered these concerns and rejected them as exceedingly unlikely to become reality (see S. Rept. 100-352 at 19-23), they appear even more unfounded under the amended version of the bill. The Copyright Office estimates that 95 percent of all registrations are made with respect to domestic works, a category which largely overlaps with the tier of works of United States origin as defined by this amendment. For these works, the incentives for registration are substantially increased, not decreased, by this bill, which maintains the registration prerequisite for infringement suits with respect to works of United States origin, and also doubles the statutory damages available to redress infringement. As the Committee report notes, "there is no basis for assuming that foreign publishers will be less eager to protect their works against infringement in this country than are domestic publishers." S. Rept. 100-352, at 23. Thus, while the Copyright Office advised the Congressional Budget Office that it anticipated a 5 to 10 percent decrease in the number of works registered if section 411(a) were repealed for all works, id. at 50, that estimate, even if valid, must be decreased by roughly 95 percent in light of the provisions of this amendment, which leave roughly that percentage of registrations unaffected. This calculation yields an estimated decrease in registrations of between one-quarter and one-half of one percent per annum. A registration dropoff of this small order of magnitude is unlikely to have any discernible effect either on the quality of the registry of works compiled by the Copyright Office, or on the ability of the Library of Congress to acquire works through registration deposit.

Finally, the two-tier system for registration embodied in this amendment achieves the goal of a reasonable compromise between the House and Senate positions on this question. It is anticipated that this compromise is fully acceptable to the House, and that the last remaining significant point of controversy between the **[PAGE S14555]** bodies is thereby eliminated. In the view of the sponsors of this amendment, this consideration fully overcomes the reservations about a two-tier system which were pointed out by some of the witnesses before the Committee, and which led the Committee to reject a two-tier solution in favor of a simple elimination of section 411(a) as it currently exists.

The creation of a two-tier system with respect to the registration prerequisite of section 411(a) is not, and should not be regarded as, a precedent for establishing two-tiered approaches to any other area of copyright law in which the United States theoretically remains free, even after adherence to Berne, to treat copyright works differently based on their country of origin. In these other areas, a two-tiered approach might well be more complex to administer, and is completely unnecessary to avoid the establishment of potentially undesirable precedents with respect to interpretation of the Berne Convention.

With regard to the specifics of the amendment on registration, the two-tier system is established by making three amendments to the committee-reported bill. First, the repeal of existing section 411(a) is eliminated, in favor of an introductory phrase to the existing provision which makes it inapplicable to "actions for infringement of copyright in Berne Convention works whose country of origin is not the United States." Secondly, in section 411(b), dealing with

works such as live broadcasts that are first fixed simultaneously with transmission, the amendment inserts after the reference to post-broadcast registration of the work the phrase "if required by subsection (a)." Finally, the amendment inserts in the definitional section of the Copyright Act , *17 USC 101* , a definition of "country of origin" of a Berne Convention work.

The definition of country of origin, while a new feature of U.S. copyright law, is a familiar principle to students of Berne. The definition contained in the amendment tracks the definition of this phrase contained in Article 5(4) of Berne. For the guidance of practitioners, and of the courts, the following observations may be in order.

First, the bill's definition of "country of origin" is significant only with respect to section 411, and in particular only with respect to the question of whether an infringement lawsuit may be brought with respect to a work which has not been submitted to the Copyright Office for issuance of a certificate of registration. The application of the definition of country of origin of a work is irrelevant under U.S. law for any other purpose. For example, eligibility for protection under *17 USC 104* of a work authored for first published outside the United States is to be determined under the provisions of that section, not under the provisions for determining country of origin of a Berne Convention work. Similarly, in the case of lawsuits with respects to registered works, their country of origin is irrelevant to whether the successful plaintiff may recover statutory damages and attorneys' fees (see *17 USC 412,* 504(c), 505).

Second, the country of origin of a work is significant only for a work which is a Berne Convention work, as defined by the bill. Thus, for example, a work authored by a national of the Soviet Union and first published only in that country does not fulfill the definition of a Berne Convention work, because the Soviet Union does not adhere to the Berne Convention. The work is subject to protection under U.S. law (see *17 USC 104*(b)(2)), because the Soviet Union is a member of the Universal Copyright Convention. But registration remains a prerequisite to initiation of an infringement action with respect to such a work, as specified in section 411(a), because the exception created by this bill, as amended, applies only to Berne Convention works. Since the country of origin of a published work is relevant only if the work is a Berne Convention work, the test of simulataneous first publication set forth in the definition of a Berne Convention work is equally applicable to the determination of the country of origin of a work (i.e., first published in one country and published in another country or countries within thirty days of such first publication.)

Third, in the case of a Berne Convention work, it is not necessary in all cases to determine the precise country of origin of the work in order to know whether or not the registration prerequisite to suit applies. It is only necessary to determine whether the country of origin is or is not the United States. Thus, for example, a work authored by a French national, simultaneously first published in the United Kingdom and Canada, is not subject to the registration prerequisite, regardless of whether, under the provisions of Berne itself, its country of origin might be determined to be France, the United Kingdom, or Canada. It is sufficient that it fulfills the definition of a Berne Convention work, and that it cannot possibly be a work whose country of origin is the United States.

Fourth, for a published Berne Convention work, the situs of first publication determines whether or not its country of origin is the United States, with one exception. A work first published in a foreign nation not adhering to the Berne Convention--e.g., the Peoples Republic of China--may nevertheless be a Berne Convention work, under provisions of the committee-reported bill that are substantively unchanged by this amendment, if one or more of its authors is a national of a nation adhering to the Berne Convention on the date of first publication. Such a work is a work of United States origin if all of its authors are nationals of the United States. In such a case, the registration prerequisite must be satisfied. However, if one or more of the authors is not a U.S. national, the Berne Convention work first published in China is not a work of United States origin, and the exception to section 411(a) applies.

For all other published Berne Convention works, the situs of first publication determines whether or not the United States is the country of origin. Obviously, works first published in the United States are works of United States origin. So are works simultaneously first published in the United States and in a non-Berne country. Conversely, works first published solely in a foreign Berne member nation are not works of United States origin. The country of origin of works simultaneously first published in the United States and in another Berne member nation is determined by reference to the term of protection granted by the laws of the two nations to the class of work in question. If the term of protection granted by U.S. law is shorter or the same as the term granted by the other nation in question, the work's country of origin is the United States. Otherwise, the work's country of origin is not the United States. In all the instances described in this paragraph, the nationality of the author or authors is irrelevant to the determination of the country or origin.

Fifth, with respect to unpublished works, *17 USC 104*(a) provides protection under U.S. law without regard to the nationality of the author, so long as the work remains unpublished. If none of the authors is a national of a Berne member nation (including the United States), the work, while unpublished, is not a Berne Convention work, and

therefore the country of origin need not be determined; the registration prerequisite for initiating an infringement suit applies in any event. If one or more of the authors of the unpublished work is a national of a Berne member nation, the work is a Berne Convention work, and the registration prerequisite does not apply unless all the authors are United States nationals, in which case the work's country of origin is the United States and the work must be registered before suit, as specified in section 411(a). The definitional provision also incorporates the headquarters test for determining the nationality of a legal entity which is the author of a published or unpublished audiovisual work.

Sixth, if the work is a pictorial, graphic or sculptural work incorporated in a building or structure, the work is a Berne Convention work (under the definition of that term in the committee-reported bill) if the building or structure is located in a Berne member nation. If the situs of the building or structure is the United States, the work is of United States origin and must satisfy the registration prerequisite for suit.

Seventh, for every Convention work, the country of origin either is or is not the United States. Unless a work is shown to be a work whose country of origin is not the United States, and therefore exempted from the requirements of section 411(a), then the work's country of origin is the United States, and section 411(a) must be satisfied. As the factors establishing the non-United States origin of the work (whether situs of publications or nationally of the author of authors) are likely to be peculiarly within the knowledge of the copyright claimant, and since the exemption for works of non-United States origin is an exception to the general rule imposing a registration prerequisite, it is the obligation of the claimant in a work in a work not submitted for registration to demonstrate the applicability of the exception.

Finally, the amendment leaves unaffected the current provisions of section 411(a) with respect to works as to which the Copyright Office has refused to issue a certificate of registration. Like the committee-reported bill, it also leaves unaffected the provisions granting *prima facia* evidentiary weight to a timely registration certificate, and conditioning statutory damages and attorneys' fees upon timely registration.

Most of the other changes to the Senate-reported bill made by this amendment are technical, drafting or clarifying in nature. They include the following:

1. The amendment includes a technical provision specifying that amendments to or repeals of sections refer to sections of Title 17 of the United States Code .

2. The amendment corrects a typographical error in the declarations section with respect to the date of signature of the Berne Convention.

3. The amendment clarifies that the provisions of Berne may be given effect under, *inter alia*, the provisions of the common law.

4. The provision specifying that certain rights (those specified in Article 6bis of Berne) claimed under U.S. law shall be neither ex- panded nor reduced by virtue of adherence to Berne has been redrafted to conform to the language adopted by the House, without substantive change. See S. Rept. 100-352 at 9-10, 38-39.

5. In the definition of a Berne Convention work, the amendment replaces the word "State" with "nation." The existing text of the Copyright Act uses the term "State" (see, e.g., *17 USC 301*) in the sense of one of the fifty States, and the term is explained **[PAGE S14556]** in *17 USC 101* in the same context. The definition of a Berne Convention work in the committee-reported bill uses "State" in the sense of "nation." This amendment should prevent any unintended confusion between the two terms.

6. In the same definitional provision, the amendment replaces the term "simultaneously published" with "simultaneously first published," in order to clarify that the situs of first publication, not of some publication occurring more than thirty days after first publication, is determinative in some circumstances of whether a published work is a Berne Convention work. See S. Rept. 100-352, at 40. Once thirty days have elapsed since the first publication of a work, simultaneous publication in two or more countries other than the country of first publication is irrelevant to the work's status as a Berne Convention work.

7. In the same definitional provision, the paragraph concerning pictorial, graphic or sculptural works incorporated in a building or other structure has been redrafted to clarify that the provision has no application to any other pictorial, graphic, or sculptural work. See S. Rept. 100-352 at 40.

8. A drafting change has been included in the amendment to section 104 to refer to "adherence of the United States" to Berne, rather than "United States adherence" thereto, to conform the language of this section to that adopted by the House.

9. The amendment to section 108 of the Copyright Act has been eliminated. The House bill did not change section 108, which deals with the circumstances under which a library or archives may reproduce and distribute a single copy of a work without incurring liability for infringement. The report accompanying S. 1301 indicated that retention of the provision in question, section 108(a)(3), which concerns the inclusion of a copyright notice on works and parts of works reproduced and distributed under the authority of this section, might be confusing in light of the elimination of the notice requirement elsewhere in the Copyright Act. The sponsors of the amendment are persuaded that elimination of the provision might be more confusing and potentially disruptive of current practices than its retention, and that elimination of the provision is not clearly required in order to meet Berne standards. Accordingly, section 108(a)(3) has been retained.

10. The provisions of the House and Senate bills on jukebox performances of nondramatic musical works are virtually identical in substance. See S. Rept. 100-352, at 41-42. However, as a matter of drafting, the committee-reported Senate bill repealed the current provisions on this topic, contained in *17 USC 116* , and substituted new provisions which contemplate the negotiation of voluntary licensing agreements with respect to such works. The existing system of compulsory licensing at rates set by the Copyright Royalty Tribunal would have remained in effect during the one-year transitional period during which licensing negotiations will take place, and thereafter in case of the lapse or expiration of such licensing arrangements. However, under these circumstances, jukebox performances would be governed by provisions that no longer appeared in the U.S. Code. The House drafting approach retained existing section 116, but made it subject to a new section 116A, which incorporate the mechanism for the recognition of voluntary licensing agreements. From a practical standpoint, this drafting approach, which leaves section 116 "on the books" for ready reference in circumstances in which it may govern, seems preferable, and the amendment contains the necessary technical and conforming amendments to accomplish this. The amendment also makes other drafting and clarifying changes, as follows:

(a) The provisions of section 116A (a)(2) (in the committee-reported bill, section 116 (a)(2)) have been redrafted to conform more closely to the House language, without substantive change. The provisions of section 116(a)(c)(1) have been redrafted to track the House language. The sponsors of the amendment agree with the statements in the House Report on the generally procompetitive effects of collectively negotiated licensing agreements, *See* House Report 100-609, at 25-26; therefore a specific statutory antitrust exemption is unneeded.

(b) A drafting change in section 116A(g) clarifies that the back-up compulsory license applies to those works which were the subject of expired or terminated voluntary licensing agreements prior to such expiration or termination.

(c) The definitional provisions of section 116(h) of the committee-reported bill have been eliminated as surplusage. These terms are defined in section 116(e) of existing law, which is retained under the drafting approach embodied in the amendment.

11. The amendment to the pre-emption provision of the Copyright Act , *17 USC 301* , has been redrafted without substantive change to conform more closely to the House language. See S. Rept. 100-352, at 43.

12. The amendment contains minor drafting changes to section 7, which eliminates the mandatory notice requirement and replaces it with an incentive for voluntary notice. See S. Rept. 100-352, at 43-44. The principal clarifying change concerns the new sections 401(d) (for works other than phonorecords) and 402(d) (for phonorecords). The quotation marks around the term "innocent infringement" have been eliminated, and a specific reference to section 504(c)(2) has been incorporated from the House bill, to clarify that the presence of voluntary notice affects only the ability of a defendant to seek to mitigate damages under the second sentence of *17 USC 504*(c)(2) (dealing with an infringer who was not aware and had no reason to believe that he was infringing), and not the ability of a library, archives, or public broadcasting defendant to seek remission of damages (as provided by the last sentence of *17 USC 504*(c)(2)) under a reasonable belief that the fair use provisions of *17 USC 107* applied.

13. The amendment embodies a compromise between the House and Senate Committee provisions amending chapter 8 of Title 17 to accommodate the voluntary licensing regime for jukebox performances. The amendment retains the provision of the committee-reported bill that specifies factors to which the Copyright Royalty Tribunal (CRT) should give "appropriate weight," rather than seeking to bind the CRT more closely to these factors (see S. Rept. 100-352, at 47-48). However, the first such factor has been expanded to include not only the most recent CRT determinations, but all prior CRT determinations, since an earlier determination with respect to a similar grouping of works may be more relevant than the "most recent" determination if the latter concerns a grouping of works dissimilar to the works at issue when the CRT is called upon to set new rates. Furthermore, while the directive to the CRT to promptly establish an interim rate when the back-up compulsory licensing procedures are triggered has been retained,

the authorization to make the finally determined rate retroactive to the date of expiration of voluntary licensing agreements has been eliminated, since it is unlikely to be of great practical utility. The sponsors anticipate that the interim compulsory license rate will, absent unusual circumstances, correspond to the rate established by the expired or terminated negotiated license agreement.

14. In the effective date provision of section 13, the amendment makes a drafting change to specify that the Act will take effect on the "date on which" the Berne Convention enters into force with respect to the United States, rather than the "same day" as Berne enters into force. This amendment clarifies that the changes to U.S. law made by this Act take effect simultaneously with the official action that requires the United States to meet its obligations under Berne. In order to further insure the simultaneity of these two events, the sponsors of the amendment expect that the Federal Register notice to be issued by the State Department will specify not only the date, but also the precise hour, of the entry into force of Berne and the coming into effect of the amendments made by this Act. This procedure would avoid any gap between the time U.S. law is changed and the time Berne enters into force for the U.S. As noted in the Committee report, if such a gap occurred, it could create uncertainty and inequity, and even give rise to a claim that U.S. courts are obligated to enforce rights claimed directly under Berne in the absence of implementing legislation (see S. Rept. 100-352, at 28).

One of the recurring issues of this legislation is the question of self-execution: that is, whether adherence to Berne would automatically cause some changes in our copyright law. Virtually every expert with whom the Judiciary Committee has consulted believed that the Berne Convention is not self-executing. That means that adherence itself does not change U.S. copyright law in any way. The State Department, Patent and Trademark Office, Copyright Office, and copyright experts who testified before the Senate have assured us that the Berne legislation is in no way self-executing. See S. Rept. 100-352, at 38.

Of course, that means that no future revisions to the Berne Convention will be self-executing either. This bill defines the "Berne Convention" to include future revisions of the treaty because, as a Berne member, the U.S. may be obligated to protect works originating in countries adhering to any new revision of Berne, just as we will be obligated to protect the works orginating in countries that may join the current text of Berne after we do. But any revision of Berne will have no effect on our substantive copyright law. Our copyright law is controlled by what is written in the United States Code, as interpreted by the courts. The only way to change our copyright law is by an Act of Congress, passed by both Houses and signed by the President. Nothing in this bill changes this principle.