

The Library of Congress

ADVISORY COMMITTEE ON COPYRIGHT REGISTRATION AND DEPOSIT

ACCORD

REPORT OF THE CO-CHAIRS

ROBERT WEDGEWORTH

BARBARA RINGER



SEPTEMBER 1993

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Membership

OF THE LIBRARY OF CONGRESS ADVISORY COMMITTEE ON COPYRIGHT REGISTRATION AND DEPOSIT (ACCORD)¹

Barbara Ringer, Co-chair
Former Register of Copyrights

Robert Wedgeworth, Co-chair
Interim University Librarian, University of
Illinois at Urbana-Champaign

Jon Baumgarten
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Professor Hasia Diner
University of Maryland

The Honorable Raya Dreben
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Director, National Portrait Gallery

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Morton L. Janklow Professor of Literary and
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Columbia University, School of Law

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Paul Goldstein
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Robert L. Oakley
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Law, Georgetown University Law Center

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Lowe Price LeBlanc & Becker

Maria Pallante
Executive Director, National Writers Union

Professor Shira Perlmutter
The Catholic University of America, Columbus
School of Law

Stanley Rothenberg
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Executive Director, Alliance to Promote
Software Innovation (APSI)

Bernard R. Sorkin
Legal Department, Time-Warner Inc.

Staff of ACCORD

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Henry Cohen
Charlotte Douglass
Lewis Flacks (through June 1993)
Gayle Harris
Cynthia Joy
Pat Raap
Eric Schwartz, Staff Director
Henrietta Terry

Assistants to ACCORD

Howard Chang
Kathy Donegan
Marie Morris
Jeanette Pierce
Nanette L. Stasko
Mark Traphagen

¹Irwin Karp, Professor Toni Morrison, and Acting Dean Jean Preer were appointed to ACCORD, but resigned before our report was prepared.



THE LIBRARIAN OF CONGRESS

WASHINGTON, D.C. 20540-1000

October 1, 1993

Dear Mr. Hughes:

On May 4, 1993, I received a letter signed by you, Mr. Moorhead, Senator DeConcini, and Senator Hatch, in which you endorsed our effort to explore "ways to satisfy the Library's acquisition needs separately from the current method of incentives provided in Sections 411 and 412 of the Copyright Act," and our appointment of a committee consisting of outside individuals to study and advise on this question. You stated that, given "the time constraints, we believe the meetings should focus on the following question: 'If Sections 411 and 412 of the Copyright Act are repealed, how can the Library's acquisitions needs be met?'"

Following further discussions I appointed an Advisory Committee on Copyright Registration and Deposit (ACCORD) to advise me concerning the impact and implications of the Copyright Reform Act of 1993 (H.R. 897, S. 373). As you requested, the first phase of the committee's work was focused on possible methods of inducing copyright registration and deposit for the Library of Congress that would serve as alternatives to the incentives now offered by sections 411 and 412. On September 15, 1993, I forwarded to you the report of the co-chairs of the Committee on the first phase of ACCORD's work; now, I am pleased to submit to you my comments and recommendations based upon my review of that report and my consultations with colleagues here at the Library.

At the outset, I thank you for the opportunity the Copyright Reform Bill has given the Library and the Copyright Office to undertake a searching self-examination of existing procedures and practices, of the interrelationship between the Library and the Office and, most importantly, about the fundamental purposes and future roles of copyright in the electronic age.

This process of self-examination, which will continue far beyond Phase II of ACCORD's work, has highlighted anew the crucial importance of the Library and the copyright system to communications and information transfer in the next century. We must be able to adjust to the changes that come so rapidly in the information age, and we look forward to working with your committees in blazing a constructive path through the difficult challenges ahead.

A fundamental issue which must be addressed is the crucial centrality of the copyright system in sustaining the collections of the Library of Congress and its increasingly vital databases. Congress can take pride in having created the greatest library in the world, but it must realize that, to a very large extent, this greatness is based upon

the operation of the copyright system. In addition, the philosophy and provisions of American copyright law have undergone a fundamental transformation in recent years; with the evaporation of copyright formalities as conditions of statutory protection, the role of copyright registration has also changed. The Copyright Office's function of providing a great national database of information about copyrighted works has become all the more important. Now more than ever, we must maintain and strengthen the reliable, publicly-available record of copyrights. This is a formidable challenge, which we believe we will be able to meet with your assistance.

I believe that the proposals summarized in chapter 4 of the ACCORD report and the covering letter of the co-chairs, both dated September 15, 1993, comprise an excellent starting-point for leading the Library and its Copyright Office into the electronic age. With very few qualifications I endorse them and recommend that you give them full consideration in the legislative process. Some of the proposals in the report can be implemented administratively, through regulations or changes in practice; others will require statutory changes. I hope that we can work together in finding the right formula for this statutory/administrative mix, and I pledge my enthusiastic and open-minded support in accomplishing this goal.

Let me comment briefly on the specific recommendations:

- * **Mandatory Deposit.**

The ACCORD report recommends a substantial expansion in the statutory provisions governing mandatory deposit for the Library of Congress which would supplement and complement the existing registration and deposit system. It is now clear to me that we must move in the direction of the "legal deposit" systems upon which the national library collections of most other countries are based, but this obviously cannot be done with the stroke of a pen. Since we already have an effective registration/deposit system supporting the Library's collections, we must move cautiously into what is essentially a new era in collections management for us. Legislation and regulations are difficult to change and there is a risk of disruption of the steady stream of acquisitions if great care, including constant monitoring, is not exercised during a period of transition. Substantial reductions in deposits for a year or more would be an irreparable loss which could--far more easily than a layman might realize--irreversibly change the nature of the Library of Congress.

I share the views expressed by my colleagues that the expansion in mandatory deposit must be carefully planned, must be phased in through pilot projects, and must be sufficiently funded. I also agree with concerns that the proposed system could break down if depositors are encouraged to negotiate in every case. Negotiations may be appropriate in cases where new classes of works are added to the mandatory deposit system or in situations in which compliance is a severe hardship. But the statute and regulations must prevent potential depositors from delaying or avoiding a legal and reasonable demand. Negotiations should be the exception, not the rule, and there should be clear deadlines to

assure timely response to a legal demand. In implementing any changes to the mandatory deposit system, we will comply with reasonable due process requirements, without obligating the Library to the Administrative Procedure Act (to which legislative agencies are not subject).

In response to your instructions to suggest alternatives to Sections 411(a) and 412, I strongly recommend that Title 17 be amended to substitute a new chapter of the Copyright Code for Section 407, mandating a system of deposit under which material, both published and publicly disseminated, would automatically be added to the Library's collections without the need for prior demands in individual cases. I endorse the proposals regarding sanctions for non-compliance and legal representation. I am also enthusiastic about the proposal that brief records of these deposits be added to the databases of the Library. However, I believe that we should include licensing, permissions, and pricing information only in registration records, not in these simple deposit records, so as not to weaken this proposed incentive to register.

I am recommending to ACCORD that, during the second phase of its operations, it make in-depth studies of the legal deposit systems in effect in other countries and that it propose pilot projects for implementing an expanded mandatory deposit system, many of which could be adopted without legislation.

*** Registration Process.**

I am also convinced that, by adopting simplified procedures and maintaining a positive, service-oriented attitude toward the whole copyright process, the Copyright Office can induce substantial increases in registrations. I endorse the recommendations in the ACCORD report calling for simplified short-form applications, expansion of group registrations and optional forms of deposits, greater consultation with applicants about mutual problems, expansion of information in the copyright on-line databases (especially facts on ownership, permissions, and licensing), making clear that good faith errors in applications will not result in loss of copyright protection or invalidation of registration, and reinforcing the current policy of resolving doubts about registrability in applicants' favor.

Some of the changes that I am recommending should be accomplished through legislation, but most can be and will be brought about through administrative action under the present law. I have directed that the Copyright Office hold public proceedings in the near future on a proposed regulation dealing with group registration for newsletters and that similar proceedings be planned and scheduled with respect to other potential subjects for group registration, including photographs and software. I am also asking that work be resumed on drafting simplified application forms, though changes in their content would have to be mandated by amendment of Section 409. We are beginning a broad consultative process, built on the work of ACCORD, in which we plan to stress the shared interest of the copyright community in strengthening the registration system.

In sum, I believe that modest amendments in Title 17, coupled with dedicated administrative action, will not only encourage registrations but will also help to pave the way for the increased role of automated copyright records in the international information highway.

* Three-year review.

If statutory changes are made, it becomes vitally important to test the effect of legislation on copyright registration and deposit through carefully-structured and continuous analysis of actual experience under the changed law. For this reason I strongly endorse ACCORD's recommendation for a statutorily-mandated review and report to Congress if the law is changed. ACCORD recommends a five-year review. I would suggest that an initial review and report should take place after three years. I am asking ACCORD, during its second phase, to propose standards for such a review.

Because of the extraordinary importance of a continuity of acquisitions for the nation's greatest repository of knowledge and the significance of maintaining the integrity of the copyright data base in the electronic era, the Library may have to come to you sooner to request extraordinary action if we see immediate damage to the collections of the nation's greatest repository of knowledge.

* Recommendations of the ACCORD co-chairs.

Two additional proposals for inducements to registration and deposit, growing out of the ACCORD discussions, were put forward for my consideration in the co-chairs' covering letter. I endorse them both.

I. Reports on Litigation. -- The co-chairs recommend a requirement that litigants inform the Copyright Office in writing of the filing of infringement actions. Section 508 of the current law, whereby the courts are required to notify the Register of Copyrights about pending copyright litigation and the results of lawsuits, has not been successful. The ACCORD co-chairs' proposal would add valuable information to the national database and would also provide an inducement to register in some cases. I recommend that a fee be charged to cover the workload of recording these documents.

II. Enhanced Remedies. -- I also endorse the ACCORD co-chairs' second proposal: providing "enhanced remedies" for copyright infringement of registered works, such as recompensing some of the plaintiff's costs in litigation or increasing statutory damages for infringement. These proposals would be likely to furnish realistic incentives to register.

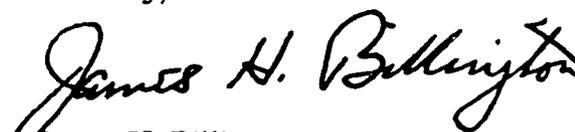
* Costs.

I wish to comment on the possible costs of some of the proposals I have endorsed. Expansion in the scope of mandatory deposit will have costs in processing time and storage space. Improving on-line access to mandatory deposit records and increasing the information available in copyright registration records will have automation and processing costs. In addition, expanded group registration may result in reduced fee receipts. It seems to me that these proposals should be moved ahead for adoption, but in today's fiscal climate

we must be sure that the costs of the improvements are covered through fees or appropriations. I look forward to working with the Congress to address these issues. The staff of the Copyright Office is already working to determine the budgetary impact of the options proposed in the ACCORD report.

I close by adding my thanks to all the members of ACCORD, and especially to the co-chairs, Barbara Ringer and Robert Wedgeworth, who worked long and hard to produce a report which will be of great value to the Library and the Copyright Office. I also wish to give thanks to the extraordinary Copyright Office staff who supported ACCORD in creating the report and to all the staff members who have given and continue to give so much thought to these issues. It is rare that a functioning administrative agency will work so hard and enthusiastically to examine itself, while continuing to provide its regular services. I know that I can count on the staff of the Copyright Office to continue their fine work throughout a forthcoming transition period.

Sincerely,



James H. Billington
The Librarian of Congress

The Honorable
William J. Hughes
Chairman, Subcommittee on Intellectual Property
and Judicial Administration
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515-6219

cc: The Honorable Charlie Rose
Chairman, Joint Committee on the Library

The Honorable Vic Fazio
Chairman, Subcommittee on Legislative
Committee on Appropriations



THE LIBRARIAN OF CONGRESS

WASHINGTON, D.C. 20540-1000

September 15, 1993

Dear Mr. Hughes:

In May I appointed an Advisory Committee on Copyright Registration and Deposit (ACCORD) to advise me concerning aspects of the proposed Copyright Reform Act of 1993 (H.R. 897 and S. 373). I am pleased to transmit to you the Phase I report, prepared by co-chairs Robert Wedgeworth and Barbara Ringer. The Phase II report, in accordance with your request, will be transmitted to you in March 1994.

As soon as I have reviewed this report and have had the opportunity to confer with senior management in the Library and the Copyright Office, I will provide you with my recommendations based on the findings in the Phase I report. I hope to do this in two weeks.

I appreciate your willingness to provide me with the time for reasoned reflection in order to consider the potential impact of the legislation on the Library and the Copyright Office and to provide you with my views.

Sincerely,

A handwritten signature in cursive script that reads "James H. Billington".

James H. Billington
The Librarian of Congress

Enclosures: Letter of transmittal from co-chairs
ACCORD Report

The Honorable
William J. Hughes
Chairman, Subcommittee on Intellectual Property
and Judicial Administration
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515-6219



THE LIBRARIAN OF CONGRESS
WASHINGTON, D.C. 20540-1000

September 15, 1993

Dear Mr. Moorhead:

In May I appointed an Advisory Committee on Copyright Registration and Deposit (ACCORD) to advise me concerning aspects of the proposed Copyright Reform Act of 1993 (H.R. 897 and S. 373). I am pleased to transmit to you the Phase I report, prepared by co-chairs Robert Wedgeworth and Barbara Ringer. The Phase II report, in accordance with your request, will be transmitted to you in March 1994.

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Sincerely,

A handwritten signature in cursive script that reads "James H. Billington".

James H. Billington
The Librarian of Congress

Enclosures: Letter of transmittal from co-chairs
ACCORD Report

The Honorable
Carlos J. Moorhead
Ranking Minority, Subcommittee on Intellectual Property
and Judicial Administration
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515-6219



THE LIBRARIAN OF CONGRESS

WASHINGTON, D.C. 20540-1000

September 15, 1993

Dear Dennis:

In May I appointed an Advisory Committee on Copyright Registration and Deposit (ACCORD) to advise me concerning aspects of the proposed Copyright Reform Act of 1993 (H.R. 897 and S. 373). I am pleased to transmit to you the Phase I report, prepared by co-chairs Robert Wedgeworth and Barbara Ringer. The Phase II report, in accordance with your request, will be transmitted to you in March 1994.

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Sincerely,

A handwritten signature in cursive script that reads "James H. Billington".

James H. Billington
The Librarian of Congress

Enclosures: Letter of transmittal from co-chairs
ACCORD Report

The Honorable
Dennis DeConcini
Chairman, Subcommittee on Patents, Copyrights
and Trademarks
Committee on the Judiciary
United States Senate
Washington, D.C. 20510-6275



THE LIBRARIAN OF CONGRESS

WASHINGTON, D.C. 20540-1000

September 15, 1993

Dear Orrin:

In May I appointed an Advisory Committee on Copyright Registration and Deposit (ACCORD) to advise me concerning aspects of the proposed Copyright Reform Act of 1993 (H.R. 897 and S. 373). I am pleased to transmit to you the Phase I report, prepared by co-chairs Robert Wedgeworth and Barbara Ringer. The Phase II report, in accordance with your request, will be transmitted to you in March 1994.

As soon as I have reviewed this report and have had the opportunity to confer with senior management in the Library and the Copyright Office, I will provide you with my recommendations based on the findings in the Phase I report. I hope to do this in two weeks.

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A handwritten signature in cursive script that reads "James H. Billington".

James H. Billington
The Librarian of Congress

Enclosures: Letter of transmittal from co-chairs
ACCORD Report

The Honorable
Orrin G. Hatch
Ranking Minority, Subcommittee on Patents,
Copyrights and Trademarks
Committee on the Judiciary
United States Senate
Washington, D.C. 20510-6275



THE LIBRARIAN OF CONGRESS
WASHINGTON, D.C. 20540-1000

September 15, 1993

Dear Pat:

In May I appointed an Advisory Committee on Copyright Registration and Deposit (ACCORD) to advise me concerning aspects of the proposed Copyright Reform Act of 1993 (H.R. 897 and S. 373). I am pleased to transmit to you the Phase I report, prepared by co-chairs Robert Wedgeworth and Barbara Ringer. The Phase II report, in accordance with your request, will be transmitted to you in March 1994.

As soon as I have reviewed this report and have had the opportunity to confer with senior management in the Library and the Copyright Office, I will provide you with my recommendations based on the findings in the Phase I report. I hope to do this in two weeks.

I appreciate your willingness to provide me with the time for reasoned reflection in order to consider the potential impact of the legislation on the Library and the Copyright Office and to provide you with my views.

Sincerely,

A handwritten signature in cursive script that reads "James H. Billington".

James H. Billington
The Librarian of Congress

Enclosures: Letter of transmittal from co-chairs
ACCORD Report

The Honorable
Patrick J. Leahy
United States Senate
Washington, D.C. 20510-6275



THE LIBRARY OF CONGRESS

WASHINGTON, D.C. 20540

September 15, 1993

Dear Dr. Billington:

We are honored to submit to you the Report of your Advisory Committee on Copyright Registration and Deposit (Phase I).

In March of this year the House Subcommittee responsible for copyright legislation held hearings on the Copyright Reform Act of 1993 (H.R. 897, S. 373), a bill which, among other things, would repeal sections 411(a) and 412 of the present law. At the hearings you expressed concerns about the potential impact of the bill on the copyright registration system and the collections of the Library of Congress, and you stated your belief that further, in-depth studies were needed on these questions.

In response to your concerns the committees of Congress asked that you undertake a two-part review of the immediate issues raised by the bill and their broader implications, and that you report your findings and recommendations to Congress by mid-September. To assist you in fulfilling this mandate you appointed an advisory committee, of which we are co-chairs, and which has become known by its acronym, ACCORD. Your initial charge to the committee was to study and report upon possible methods of inducing copyright registration and deposit for the Library of Congress that would serve as alternatives to the incentives now offered by sections 411(a) and 412.

The committee has given us, as co-chairs, the duty of reporting the outcome of Phase I of ACCORD's work and recommendations as accurately, fully, and objectively as possible, and this we have tried to do in the attached document. We must emphasize that the statements in the report are our own, not those of the committee as a whole or of any of its individual members. We believe that the recommendations in Chapter 4 of this report accurately reflect the views of ACCORD as a whole favoring two detailed proposals -- expanded mandatory deposit and improvements in registration -- which would serve as alternatives to the inducements in sections 411(a) and 412 of the present law. There was substantial support for, and no opposition to, adoption of the recommendations in Chapter 4, although the members agreed to disagree on the Reform Bill's repeal of sections 411(a) and 412. Obviously the strength of a member's support for the Chapter 4 recommendations must be affected by that individual's views on repeal of 411(a) and 412.

Since the bill would eliminate sections 411(a) and 412, most of the committee members felt that the only way to judge the impact of their loss would be first to understand their purposes and how they work. As chairs of ACCORD we have been criticized for failing to limit discussion of the two provisions to the background necessary for coming up with alternatives, but we do not believe that cutting off debate on sections 411(a) and 412 would have been necessary or desirable -- or possible in any event. We believe that it was important for the members to consider what 411(a) and 412 accomplish or fail to accomplish with respect to registration and deposit under the present law, in order to evaluate what alternatives can be found to accomplish the same or similar purposes.

It is true that the debates over section 412 went beyond the question of its possible impact on copyright registration and deposit, and expanded to cover litigation issues on which there are very strong feelings. Acknowledging that these are matters for Congress, not the committee or the Librarian, to consider, we must say that we do not regret that the debates took place. They were constructive and illuminating, and ultimately, we believe, resulted in a much better understanding on the part of everyone of the various positions and the reasons for them. Our report reflects the differences of opinion on sections 411(a) and 412, and all of the arguments made concerning them. We believe that, after reviewing the text, you will be satisfied that all views are fairly and objectively presented.

Speaking only for ourselves, as members of the advisory committee and not as co-chairs or on behalf of ACCORD or any of its members, we agree with the sponsors of the Copyright Reform Act that sections 411(a) and 412 should be repealed. At present there is no empirical proof that these sections induce registration. As noted below, we agree with the suggestions that the effect of the legislation -- both the repeal of 411(a) and 412 and the alternatives enacted to induce registration and deposit -- be surveyed continuously during the five years following enactment of the bill, and looked at closely at the end of that period. We also favor setting up, during Phase II of ACCORD's work, carefully crafted, objective surveys of all of the factors now inducing registration, together with possible surveys of the expected results of the recommendations in Chapter 4. We certainly agree that if facts can be found we should go where they lead us. But so far no facts exist, and we do not believe that retention of sections 411(a) and 412 can be justified simply on the basis of hypotheses or a priori suppositions.

As individual members of ACCORD we have carefully and thoroughly reviewed all of the information, arguments, and proposals put forward with respect to alternative inducements to registration and deposit. Again no hard evidence exists -- or can exist now -- as to the effect adoption of the recommendations in Chapter 4 would have on total registrations or the Library's collections; the only way to test this effect would be through carefully monitored experience. Nevertheless, we are convinced that, if fully supported by Congressional legislation and faithfully and energetically implemented by the Copyright Office and the Library, the overall levels of copyright registrations and deposits for the Library will not decrease.

Some of the doubts and misgivings concerning the proposals derive from the somewhat cynical conviction that changes of this sort cannot effectively be implemented for bureaucratic reasons. We completely disagree. We believe that both the Library of Congress and the Copyright Office are at the center of what is already becoming the greatest revolution in information storage and transfer in human history, and that the changes and improvements proposed in this report, among many others, are essential to the future of both of these great institutions. Removing current barriers and deterrents to registration, and transforming mandatory deposit into the kind of automatic legal deposit system successfully used by national libraries throughout the rest of the world, should by themselves be enough to strengthen deposit and registration. When the inducements of electronic databases and the permissions and licensing potentials of the new information age are added, it seems to us safe to predict the registrations will increase, perhaps dramatically. Even so, recognizing that people like us -- people who care deeply about preserving the Library's collections and the database of copyright records -- have misgivings about the effects of an uncertain future, we are putting forward some additional proposals as possible safety valves.

Remembering that ACCORD was established for the purposes of providing you with information and advice, and that it is for you and you alone to decide what proposals to put before Congress, we should like to mention again the two basic recommendations for inducing registration in Chapter 4, and to add three more proposals for you to consider. We put these forward in our personal capacities and without in any way speaking for the committee, but we believe on the basis of our review of the discussions that they have support from some of members and deserve your consideration.

First, mandatory deposit. As recommended in Chapter 4, there should be a substantial expansion in the statutory provisions governing mandatory deposit for the Library of Congress, and a corresponding program within the Library to implement the provisions. This should include a new international database of

very simple entries covering mandatory deposits, with added information about rights and permissions supplied voluntarily by the depositors.

Second, registration reforms. As recommended in Chapter 4, the present copyright registration requirements, practices, and policies should be simplified and ameliorated through legislation accompanied by administrative action. All of the reforms suggested would have an effect in inducing people who are not now registering to do so, but probably the most important are the short form application for registration and the expansion of information in the copyright online database.

Third, five-year review. As recommended at the end of Chapter 4, the legislation should mandate a continuing study of its effects on registration and deposit and a five-year analysis and report to Congress.

Fourth, reports of litigation. Section 508 of the current law, under which the courts are called upon to supply information about pending litigation and the results of copyright lawsuits, has been a failure. It was suggested during the ACCORD discussions that the obligation to keep the Copyright Office and the public informed of copyright litigation be placed on the litigants themselves, and that registration would be induced by adding this information to the Office's online database. We agree, and recommend that you consider proposing a revision of section 508 for this purpose.

Fifth, enhanced remedies. As outlined in Chapter 3, ACCORD devoted considerable time in plenary and subcommittee sessions to a proposal for "enhanced remedies": to induce registrations by creating new remedies for copyright infringements which are not available to anyone under the copyright statute today, and which, in the discretion of the court, could be granted if the work has been registered. A number of possible "enhanced remedies" were suggested; the ones we liked best were, first, recompensing some of the plaintiff's costs of litigation (costs of duplicating the court record, costs of accounting, expert witnesses, etc.), and, second, raising the maximum amount recoverable as statutory damages for unwillful infringement from \$20,000 to \$100,000. Several members of the committee favored this approach, and expressed their disappointment that it seemed to have dropped out of the discussions. We agree that the "enhanced remedies" proposal has merit, and we recommend that you add it to your list of recommendations.

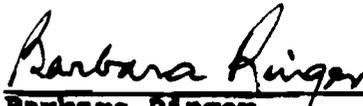
Dr. James H. Billington

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September 15, 1993

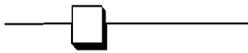
Finally, we cannot close this letter without paying tribute to the staff of the committee and the members themselves. In the many years that the two of us have spent in this field, we have never seen such dedicated and selfless work. It represents public service, professional and voluntary, at its very best.

Yours sincerely,


Barbara Ringer


Robert Wedgeworth





The Library of Congress

ADVISORY COMMITTEE ON COPYRIGHT REGISTRATION AND DEPOSIT

ACCORD

REPORT OF THE CO-CHAIRS

ROBERT WEDGEWORTH

BARBARA RINGER

SEPTEMBER 1993



Prefatory Note



The attached report is the work of the co-chairs of ACCORD, Robert Wedgeworth and Barbara Ringer as informed by the work of the full committee. It was not written by the committee. Our report was circulated in draft form to all the members of ACCORD for comments and suggestions and, we received some very helpful corrections of typos and syntax and stylistic improvements, many of which we have incorporated. In addition, where the suggestions corrected an error or an overstatement, supplied an omission, or helped to clarify a point, we have done some rewriting. In other cases, however, where a suggestion, if accepted, would have destroyed the balance and objectivity that was and continues to be our aim, it was omitted.

This report is that of the co-chairs, as we saw and heard the deliberations of ACCORD during its first phase. We and we alone take full responsibility for its contents.

The Advisory Committee on Copyright Registration and Deposit (ACCORD) was established in May 1993 by Dr. James H. Billington, Librarian of Congress, to advise him concerning aspects of the proposed Copyright Reform Act of 1993, (H.R. 897 and S. 373). That legislation, introduced in Congress in February 1993, proposes changes in the current copyright law that raise questions about copyright policy and the relationship between the needs of the Library, authors and copyright owners, users of copyrighted works, and the public.

In particular, the legislation proposes the elimination of two provisions in the copyright law (sections 411(a) and 412) which have an impact upon the current copyright registration system. It has been argued that their elimination would entail risks to the Library's collections, which depend on copyright registrations and deposits to a considerable extent.

Dr. Billington, in his letter of invitation to ACCORD members, asked for an analysis on five key points:

- 1) how the present system of registration, recordation and mandatory deposit affects authors and their assignees, the collections of the Library of Congress and exchange libraries, the judicial system, and the public;
- 2) how the system can assure that the Library continues to have access to the widest variety of published expressions of American culture and scholarship;
- 3) the appropriate mix of registration incentives to encourage registration deposit for the benefit of the Library's collections, with respect to both published and unpublished works, at the same or greater levels than assured by existing copyright law;
- 4) the nature of the public need for a comprehensive public record of copyright claims and their ownership;
- 5) an assessment of the tensions and an identification of the public interests in different levels of legal examination as a part of copyright registration.²

Dr. Billington, after consultation with the relevant congressional committees, agreed to provide recommendations to Congress, based on the ACCORD discussions during its first phase, by mid-September, 1993. It was agreed that the Librarian's recommendations should focus initially upon those issues addressed by the proposed legislation that could have a direct impact on copyright registration and the Library of Congress' collections: the proposed elimination of the statutory provisions found in sections 411(a) and 412 of the copyright law. Other issues raised by the legislation—the provisions with regard to recordation (sec. 101 of the bill), the presidential appointment of the Register of Copyrights (sec. 103), and the reorganization of the Copyright Royalty Tribunal (title II)³—are not dealt with in our report, although some members

² Letter of Dr. James H. Billington, Librarian of Congress to ACCORD members, May 5, 1993.

³ On August 3, 1993 legislation was introduced (H.R. 2840, S. 1346, Copyright Royalty Tribunal Reform Act of 1993) comprising an amended version of the Title II provisions in the Copyright Reform Act. The House Subcommittee on Intellectual Property and Judicial Administration marked up and favorably reported the bill from the subcommittee on August 5, 1993.

of ACCORD have expressed views on these provisions in other contexts.⁴

The other, broader, questions raised by Dr. Billington's letter, which are not directly related to the Copyright Reform bill, will be the subject of further study and will be presented to Congress in a report to be issued in March 1994 (so-called Phase II of ACCORD's work).

Copyright Reform Act of 1993

The Copyright Reform Act of 1993 was introduced in the House and Senate on February 16, 1993. The House Subcommittee on Intellectual Property and Judicial Administration held hearings on March 3 and 4, 1993.

The bill has four key provisions:

(1) Sec. 101 is intended to allow the perfecting of security interests by recording documents either in the appropriate state office or in the Copyright Office. The decisions in *National Peregrine, Inc. v. Capitol Federal Savings and Loan*, 116 Bankr. 194 (Bank. C.D. Cal. 1990) and *Official Unsecured Creditor's Committee v. Zenith Productions, Ltd. (In re AEG Acquisitions Corp.)*, 127 Bankr. 34 (Bank, C.D. Cal. 1991) held that state Uniform Commercial Code statutes for perfecting security interests in copyrights were preempted by sections 205 and 301 of the Copyright Act.

(2) Sec. 102 would repeal sections 411(a) and 412 of the copyright law.

Section 411(a) requires that registration must be made (or rejected) by the Copyright Office before an infringement action can be brought. An exception is made for all Berne Convention works other than those originating in the United States.

Section 412 provides that no award of statutory damages or of attorney's fees can

be made in an infringement action (with certain exceptions) unless, if the work is unpublished, it was registered before the infringement began or, if the work is published, registration was made within three months of first publication.

(3) Sec. 103 would provide for the Register of Copyrights to be appointed by the President rather than, as now, by the Librarian of Congress (who is appointed by the President).

(4) Title II of the bill would eliminate the Copyright Royalty Tribunal and move its functions into the Copyright Office, to be performed by ad hoc arbitration panels.

Phase I Report of ACCORD

The purpose of this report is to provide the Librarian of Congress with information and recommendations concerning those provisions in the bill that may have the most direct impact on the Library of Congress: the elimination of sections 411(a) and 412. Two policy considerations emerged from the decision to limit ACCORD's Phase I deliberations to these issues: first, the effect that eliminating sections 411(a) and 412 may have upon the Library of Congress's collections and future acquisitions policy; and, second, any copyright registration implications of repealing the two provisions, including the effect on the operations of the Copyright Office (a department of the Library of Congress), and any consequences for copyright owners and copyright law generally.

For some ACCORD members it was difficult to separate the rationale for copyright registration from the interests of the Library's collection development because of the historic link between the two and the copyright system's assistance in developing a national library unlike any other in the world. Others argued that the issues of Library acquisitions policy and those of copyright registration policy are distinct and should be considered separately. Whether copyright registration is, or should be, a fundamental method used for building the collections of the Library of Congress was discussed at length.

ACCORD reached a strong consensus on the principles that Library acquisitions policy should not drive copyright registration policy and, at the

⁴ During the deliberations of ACCORD there was agreement from many members that the relationship between recordation and registration could be strengthened to induce registrations and that the provisions in section 101 of the Copyright Reform Act should be considered in this context. See also Working Paper No. 8, which discusses the views of one member of ACCORD on the questions raised by the provisions in the draft bill relating to recordation and the perfecting of security interests.

same time that it was important for the voluntary copyright registration and deposit system to continue. There was general agreement that the present system can serve a significant dual purpose — to provide extensive and reliable public records of use to copyright owners and users, and to build the collections of the Library now and in the future.

Preserving the scope and integrity of the collections of the Library of Congress has necessarily been one of ACCORD's fundamental missions. Concern for the Library and its future were uppermost in the minds of the Librarian and the congressional committees, and they in turn made it clear that addressing this concern should be the priority of ACCORD. The Library of Congress serves as a national library for the benefit of Congress, authors, scholars, the library community, and the general public. It must be strengthened, if possible. It cannot be weakened by any proposed legislation.

The ACCORD deliberations on Library acquisitions focused on the implications of deleting sections 411(a) and 412. Some members predicted that copyright registrations would decline if the provisions were simply repealed. Others suggested that the elimination of these provisions would not significantly affect copyright deposits, especially in the classes of works most valuable to the Library. Given the time constraints on ACCORD during Phase I, no empirical method capable of testing either prediction could be developed, and no valid conclusions could be reached on the basis of *a priori* reasoning. ACCORD therefore adopted the only course open to it: to consider the various suggestions put forward to safeguard or strengthen the collections of the Library, and to offer proposals based on them.

The proposals contained in Chapter 4 are intended to enhance incentives for voluntary copyright registration and deposit, to improve the operation of the current system, and to insure that the deposit of material in the Library of Congress remains at current levels or increases. The proposals would encourage copyright registrations through modifications in current copyright law, including major changes in the current mandatory deposit requirements, and statutory and administrative recommendations to make registration and deposit simpler, less burdensome, and more attractive. A crucial component of this plan, which for Library acquisitions purposes complements voluntary copyright registration, is the mandatory deposit provi-

sion of section 407. ACCORD believes that a mandatory deposit system, if significantly strengthened, would create an effective mechanism for Library acquisitions of published or "publicly disseminated" materials. For unpublished materials alternative inducements would have to be found, such as the improvements proposed in Chapter 4 to the copyright registration system.

The second major policy consideration is the impact of the proposed repeal of sections 411(a) and 412 on copyright owners, the copyright registration system, and the Copyright Office.⁵ ACCORD held extensive discussions on these questions, but did not achieve consensus, especially on section 412.

Apart from the need to develop the collections of the Library, there are strong reasons to encourage copyright registration. As the communications revolution gathers momentum and the information superhighway is in its early stages, a comprehensive and reliable copyright database, available freely to the general public, is an enormous asset for a number of purposes. These matters were addressed during the ACCORD deliberations and by the individual authors of the working papers prepared for ACCORD discussions. There was consensus among ACCORD members that information obtained through registration—information bearing on authorship, dates of creation and publication, the ownership and duration of copyright, and the like—can be extremely valuable not only for business transactions such as transferring rights, and obtaining permissions or licenses, but also for resolving legal disputes, providing biographical information, and so forth.

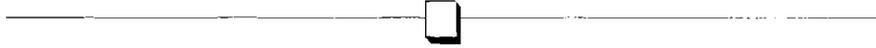
The 1989 United States adherence to the Berne Convention was the latest step toward a system of copyright free from formalities, providing authors with rights without the need to register, affix notice, or, under a 1992 amendment, to file renewals. With millions of works now protected by copyright without the need for information in a notice on copies or phonorecords, and works proliferating in digital and other electronic formats, the post-Berne environment requires a system readily informing the public by identifying these works and their copy-

⁵ A documentary legislative history of the current copyright registration and deposit sections, including sections 411(a) and 412, has been completed through 1965 and was distributed to ACCORD members.

right status. The Copyright Office catalog contains over 25 million entries dating back to 1870. Information since 1978 is now available on the Internet. Authors and users of copyrighted works depend on

this database to use and license works, and to create new works, thus fulfilling the constitutional mandate of copyright to “promote the progress of Science and useful Arts”⁶

⁶ U.S. CONST. art. I, sec. 8, cl. 8.



ACCORD's Methodology

The Phase I deliberations of ACCORD focused on the implications of repealing sections 411(a) and 412: what the effect of outright repeal might be on Library acquisitions and other copyright policy, and whether alternatives to induce registration and deposit could be found. To provide the Librarian with information necessary to respond to Congress, and to assist Congress with its deliberations, a number of background legal and policy working papers were prepared by ACCORD members, staff, and others assisting ACCORD.⁷

Several hard decisions about methodology had to be made at the outset. Lack of time and resources during Phase I foreclosed us from significant but difficult types of studies. These include: cost-benefit analyses of various Library of Congress and Copyright Office operations; surveys of the motivations, experiences, and problems of present and potential applicants (examining questions such as why authors and other copyright owners register, and what changes they would make in their practices if sections 411(a) and 412 are repealed or changed, etc.); and statistical surveys about present and future Library of Congress acquisitions. During Phase II we hope that we may be able to undertake some of these inquiries.

In attempting to suggest alternative incentives to register, ACCORD adopted several hypotheses concerning benefits afforded by registration and ways to encourage additional voluntary registrations. As discussed in Part I of this report, the primary hypothesis is that a system of voluntary registration benefits authors and copyright owners and should be encouraged; that a reliable, publicly available national copyright database is important in facilitating business, legal and personal transactions; and that inducing registration, especially for unpublished works not subject to mandatory deposit and "special materials" not collected by other libraries, will strengthen the collections of the Library of Congress. A second hypothesis is that mandatory deposit, when substantially broadened and strengthened, can make a significant contribution to the Library's acquisition of published materials without any loss of effective copyright protection⁸ for authors and other copyright owners.

⁷ The Working Papers of ACCORD, numbers 1 through 20, together with an Index to these working papers, are contained in the Appendix to this report. Some of these papers express views on particular issues, and in those cases the opinions are those of the authors of the papers alone, and do not necessarily represent the views of ACCORD, its members, co-chairs, or staff.

⁸ One member stressed that proprietors of some works, particularly those disseminated in a form easily copied, have indicated concerns about mandatory deposit and the circumstances under which the Library makes these works available. These concerns range from Library security to the possibility of adverse effects on the market for a work if there would be widespread unauthorized use of deposit copies. The member noted that the negotiations recently concluded between the Library and private sector representatives on experimental agreements for deposit of works in CD-ROM format suggest that it may be possible to provide appropriate safeguards for such works, thereby allaying the owners' concerns and achieving the Library's goals.

Draft Work Programs

Initially, in an effort to organize the work of ACCORD, four major draft work programs were proposed.⁹ These broad outlines included work to be conducted in both phases of the ACCORD deliberations.

Draft Work Program A provided an outline of the copyright registration, deposit and recordation provisions generally. Beginning with the historical background of copyright registration, deposit and recordation in the United States, the Work Program proposed study of: the foreign experience with registration and deposit systems; the value of registration for all legal and business purposes; the relationship and fairness of the current system to authors, copyright owners, the Library, and users of copyrighted works; and a compilation of statistical information on registration and deposit.

Draft Work Program B focused on registration and deposit as prerequisites to recovery of statutory damages and attorney's fees. This Work Program outlined the study of section 412, concentrating on its history, operation, and fairness to authors, copyright owners and users.

Draft Work Program C focused on the mandatory deposit system of the Library, including a review of the history of section 407, and the regulatory and administrative provisions implementing it; its scope and operation; its cost-effectiveness; its problems and limitations; means of strengthening the current system to induce greater voluntary compliance; and a plan to prepare a detailed statistical survey of the current system.

Draft Work Program D proposed to produce possible alternative incentives for registration and deposit—described as “the bottom line” of the first phase of ACCORD's mandate. The Work Program suggested review of the current sections 411(a) and 412; the impact, if any, of their elimination on the Library; evaluation of the arguments for changing the present examination and registration practices; consideration of possible amendments to the existing inducements to registration and deposit; and consideration of possible new inducements.

⁹ See Appendix, draft work programs A through D.

¹⁰ Summary minutes of each of the meetings were prepared by the staff of ACCORD and are contained in the Appendix to this report.

Phase I: Deliberations of ACCORD

After its organization in late May 1993, it was agreed that to complete its Phase I deliberations, ACCORD would meet once a month, in two-day sessions, in June, July, August and September.¹⁰

June 10-11, 1993: Meeting of ACCORD

The first meeting of ACCORD began with preliminary remarks from Dr. James Billington, Librarian of Congress outlining the mission of ACCORD—to sustain the “record of America's culture” found in the Library of Congress, and to consider new incentives to copyright registration and deposit.

Co-chairs Ringer and Wedgeworth described the work of the Committee's two-phase effort. Phase I would address the immediate target: to examine sections 411 and 412 of the copyright law and alternative incentives to registration. The aim was to enable the Librarian to submit his preliminary report to Congress by mid-September, 1993. Phase II would address broader issues and would require a report around March, 1994.

ACCORD discussed its proposed work schedule, including organizational and procedural matters (agreeing that all of its meetings would be open to the public), and general administrative issues, such as its budget and staffing. The Committee also received a demonstration from Library staff on the special collections of the Library, including photographs, maps, music, and motion pictures.

The members of the committee were presented with an overview of the Copyright Reform Act of 1993, H.R. 897 and its companion bill, S. 373, together with a summary and analysis of the current provisions in the Copyright Act relevant to ACCORD's deliberations, primarily sections 407, 411(a) and 412. Discussions then began on mandatory deposit and the copyright registration issues. On mandatory deposit, the discussion focused on the system's present and potential benefits not only to the Library of Congress but also to other libraries that rely on the collections of the Library as a library of “last resort.”

The copyright registration discussions included a look at current registration practices, problems, and current incentives to registration, as well as an historical perspective on registration and deposit in the United States before and after the Su-

preme Court's decision in *Washingtonian Publishing Co. v. Pearson*.¹¹ There was also a summary of the legislative history of the general revision of the 1909 copyright statute, leading up to the 1976 Act and the legislation implementing U.S. adherence to the Berne Convention in 1989.

The Draft Work Programs (A through D) were discussed. A proposal to divide the panel into four working groups, each assigned one of the Draft Work Programs, was rejected in favor of working through each of the programs in the plenary sessions.

Various ACCORD members were commissioned to prepare draft working papers on key issues. Two groups were assigned to prepare papers on section 412 (registration and deposit as prerequisites to recovery of statutory damages and attorney's fees); one group was to write a paper on the merits of the current section 412 (Working Papers No. 4(a) and 4(b)) and the other was to prepare a paper on the reasons why section 412 should be repealed (Working Paper No. 3). Another member was charged with preparing a paper on section 411(a), registration as a prerequisite to the commencement of an infringement action (Working Paper No. 2). Finally, a third group was asked to prepare a paper on section 407, mandatory deposit for the Library of Congress (Working Paper No. 1). Several other materials were requested for the July meeting, to be prepared by members of ACCORD, its staff or other assistants.

July 12-13, 1993: Meeting of ACCORD

The July meeting focused on the presentation of documents prepared by ACCORD members and staff. Nine working papers in all were prepared for the July meeting, in addition to the minutes of the June meeting, and the first section of a documentary legislative history of the copyright registration and deposit provisions. All working papers were dated, numbered and labeled as draft documents of ACCORD (with the possibility that later revisions would be prepared). They were distributed to ACCORD members and appropriate congressional

staff, and were made available to the general public. Co-chair Ringer introduced her legislative history of copyright registration and deposit, briefly summarizing the historic background in England and the United States and reproducing the relevant parts of various studies and hearings, up to 1965, that led to the registration and deposit provisions in the 1976 Act. ACCORD then discussed the various theories for the development of our registration/deposit system in Anglo-American copyright law.

The copyright and deposit systems in various foreign countries (Working Paper No. 7), were then discussed. These included deposit laws, with penalties for noncompliance, separate from copyright laws. There was a preliminary consideration of mandatory deposit and Working Paper No. 1, and the committee agreed that there should be further discussion and study on this subject. A request was made for a working paper for the August meeting (Working Paper No. 11).

The cases for and against section 411(a), as laid out in Working Paper No. 2, were taken up next. The paper summarized the history of the current provision; the practical implications of the connection between the requirement to register and filing a lawsuit; and the impact of section 411(a) on the Library, the courts, and the interests of authors, copyright owners, and users.

ACCORD then debated the cases for and against section 412, on the basis of Working Papers No. 3 and 4(a) and 4(b). The committee reviewed current practices, and considered how the provisions or their elimination could affect the ability of authors and copyright owners and users to protect and enforce their rights. It also considered the relation of section 412 to inducing copyright registrations and deposits and maintaining the collections of the Library of Congress.

The next topic was alternative incentives for copyright registration and deposit, with Working Paper No. 9 as the focus. That paper was divided into three sections: first, an enumeration of current statutory inducements which could be strengthened; second, new inducements; and third, options for amending the existing sections 411(a) and 412. The discussion grouped the incentives into categories, such as: fee-based or litigation-based incentives; incentives based on analogies from other laws, such as patent and trademark law; incentives providing additional rights for registered works (extension of the term of copyright, for example); and incentives

¹¹ 306 U.S. 30 (1939). See also, Working Paper No. 17 for an analysis of the case, and comments and copyright registration practices after this seminal decision.

based on changes or expansions in current administrative practices, such as alternative deposits, use of identifying material, and group registrations.

Several additional working papers were prepared following these discussions, including: Working Papers No. 5, 5a and 5b (federal statutes providing attorney's fees and the awarding of attorney's fees under the current copyright statute); Working Paper No. 6 (awards of infringer's profits under section 504); Working Paper No. 10 (court uses of copyright registration information); Working Paper No. 13 (practices of the U.S. Customs Service and the role of copyright registration); Working Paper No. 14 (awards of statutory damages under section 504); Working Paper No. 15 (tax law applicable to deposits in the Library of Congress); and Working Paper No. 18 (statutory damages and attorney's fees awards under the current copyright law).

ACCORD members were also given a tour of the Copyright Office's registration collections located in Landover, Maryland, and a briefing on their operations.

*August 16-17, 1993: Meeting of ACCORD*¹²

The committee first took up the issue of mandatory deposit. Three working papers were presented on the subject of mandatory deposit. First, a group presented its paper on mandatory deposit and its benefit to the Library and the public (Working Paper No. 1). Next, a paper was presented on the legal, constitutional and public policy questions raised by a mandatory deposit system (Working Paper No. 12). Finally a paper was presented on the constitutional basis for mandatory deposit under present law and methods to improve the current system for the benefit of the Library's collections (Working Paper No. 11 and separate comments on this paper contained in Working Paper No. 11(a)).

The current practices of mandatory deposit were examined, and there was an analysis of the legal and administrative limitations of the current system and the domestic and foreign policy implications of a mandatory deposit system. Sugges-

tions were offered for improving and strengthening the legal and practical applications of the system. There was a general consensus that, if substantially improved, the current mandatory deposit system would help to strengthen the collections of the Library of Congress. Members expressed an interest in proposals to redraft the current provisions of section 407.

ACCORD continued the July discussion on alternative incentives to registration, also returning to a debate concerning the current provisions of section 412. Between the extremes of repealing and retaining the section there were some proposals aimed at keeping section 412 but ameliorating the impact, and others aimed at repealing the provision but inducing voluntary copyright registrations.

The deliberations returned to some of the incentives proposed in Working Paper No. 9, with additional suggestions. Among the items considered were fee-based and litigation based incentives, changes in current administrative practices governing registration, and copyright recordation practices and incentives. ACCORD also discussed the merits of strengthening the national public database of copyright information through registration and deposit.

Finally, the committee reviewed its remaining work schedule and prepared a proposal and schedule to complete its Phase I report for submission to the Librarian of Congress.

September 1-2, 1993: Meeting of ACCORD

The committee met to discuss the Phase I draft report of ACCORD. The draft recommendations of ACCORD were considered — focusing on the proposals to strengthen the current system of mandatory deposit, and to simplify and strengthen the copyright registration system. The final work schedule for completion of the report and presentation to Dr. Billington was agreed to. In addition, ACCORD discussed its planned work schedule for the Phase II deliberations.

Phase II: Future Work Program of ACCORD

In the next stage of its work ACCORD will address the broad policy questions raised by Dr. Billington in his early mandate: how the present system of registration, recordation and mandatory deposit affects authors and other copyright owners,

¹² After the July meeting of ACCORD a separate subcommittee was established to consider litigation-based incentives to registration, focusing on the awarding of "enhanced" remedies for registered works. See Working Papers No. 16 and 16(a).

the collections of the Library of Congress (and other libraries), the judicial system, and the public; and how that system may be improved. Some of the considerations include: access by the Library to the widest variety of materials while fully preserving

the copyright protection in those materials; the interests of authors, copyright owners, and users in future Library acquisitions; and improving the Library's comprehensive public record of copyright claims and ownership.





The Work of ACCORD —Issues, Arguments, Proposals

Chapter 3

In this Chapter we are seeking to identify the main issues that occupied ACCORD during its first phase, to outline the principal arguments that were made concerning them — during the meetings and in written comments — and to summarize the various proposals put forward by members and others for inducing deposit and registration. For this purpose we have broken the subject into three parts:

- First**, a review of sections 411(a) and 412, the issues they raise and the arguments made concerning them;
- Second**, a review of the present mandatory deposit and voluntary registration/deposit provisions, their value and problems, the arguments concerning them, and proposals for change; and
- Third**, a listing and brief summary of various fee-based, litigation-based, and other proposals for alternative inducements to registration and deposit.

A. Section 411(a): Present Inducements to Registration and Deposit: Registration as a Condition of Infringement Suit

1. History and Purpose of the Provision

The express requirement that registration be made for a work before the copyright owner may bring an infringement suit entered the U.S. copyright law in 1909. The requirement was retained in the 1976 revisions with the addition of one exception: if application for registration had been made and refused, suit could be brought as long as the Register was notified and given the opportunity to join on the issue of registrability. Two other exceptions were added later, notably a 1988 amendment exempting non-U.S. Berne Convention works from the requirement.

From the beginning there have been dual purposes behind section 411(a), though their relative importance has changed over the years with the easing and repeal of other copyright formalities in U.S. law and the broadening of the subject matter of copyright. First is the gatekeeper function of registration: screening of the application and deposit by the Copyright Office is intended to keep invalid copyright claims out of court and to provide a certified record and a solid basis for the ordering of proof. Second, section 411(a) is intended as an incentive to registration and deposit: although

there is no requirement for registration to be made until the eve of suit, it has been argued that some copyright owners are induced by section 411(a) to register in anticipation that, since they may need the certificate in a hurry if infringement occurs, they might as well file an application while the copies are handy and the facts are fresh in their minds.

2. *Arguments for Repeal of Section 411(a):*

- a) With the repeal of mandatory formalities and the expansion of copyrightable subject matter, the screening function has lost much of its validity.
- b) The inducement-to-register argument is undermined by statistics comparing the number of suits filed (less than 2,000 in 1991) as against the number of registrations in the same period (more than 600,000 in 1991). Few will be induced to register in anticipation of litigation, since registration can be made at any time up to filing suit.
- c) Review of judicial opinions in infringement cases suggests that courts largely make independent evaluations of issues of fact and copyright validity rather than relying on certificates of registration.
- d) The requirement can result in harm and injustice to copyright owners by effectively preventing or unduly delaying injunctive relief, by requiring expensive and unproductive paperwork where many copyrights are involved in a suit, and by offering defendants an opportunity for dilatory tactics.
- e) The "two-tier" scheme of section 411(a), under which non-U.S. Berne works need not be registered while other works (mainly of U.S. origin) must be, is demoralizing and unfair to U.S. copyright owners, and may put them at a competitive disadvantage.

3. *Arguments for retention of section 411(a):*

- a) The requirement provides a mechanism by which copyright claims involved in litigation are first exposed to specialized, ex-

pert scrutiny, aiding claimants and the courts by clarifying the information on certificates and screening out unfounded claims to copyright.

- b) Section 411(a) provides at least some incentive to registration, thus contributing to the national copyright database and to the collections of the Library of Congress.
- c) The statistics comparing infringement cases to total registrations are not all that revealing, since an indeterminate number of the registrations may have been induced by a desire to be prepared in case there is a threat of infringement, even if there is no specific contemplation of suit at the time of registration.
- d) There have been expressions from some members of the judiciary favoring retention of the requirement as helpful to the courts: the better the Copyright Office records, the better the decisions will be.
- e) Though only a small percentage of registrations end up in court, they are the most important cases. Together the records of registration and ownership (section 205) give the courts a needed starting-point.

B. Section 412: Present Inducements to Registration and Deposit: Registration as a Condition of Recovery of Statutory Damages and Attorney's Fees

1. History and purpose of the provision

Before 1909, under a very onerous scheme of formalities, registration was a mandatory precondition of copyright protection in the United States. The 1909 Act changed and liberalized the formalities system to some extent, but the provision on registration and deposit was obscurely worded, and was not definitively interpreted for thirty years. Between 1909 and 1939 there were many who believed that the statute's requirement that deposit (and registration) be made "promptly" after publication was mandatory rather than hortatory, though no one knew what "promptly" meant.

As interpreted by the Supreme Court in the 1939 *Washingtonian* case, registration and deposit for the Library of Congress were really optional during

the first 28-year copyright term: they were mandatory only if the copyright owner wanted to bring an infringement suit, if the Register of Copyrights made a formal demand (in which case failure to comply could result in forfeiture of copyright), or if renewal of copyright for a second 28-year term was sought. However, the decision did not result in any great changes in registration practice or the statistics of registrations. After 1939 there was uneasiness, inertia, and traditional lawyer's conservatism; people kept on registering and depositing, and there seemed to be a reluctance to accept the Supreme Court's decision at face value.

During the ten years between 1955 and 1965 the Copyright Office, under a congressional mandate, undertook the development and drafting of a bill for the general revision of the copyright act of 1909. There was early acceptance of the general principle that copyright registration was extremely valuable and should be retained. At the same time it was also generally agreed that, except where necessary to correct omissions or errors in the copyright notice, registration should be made voluntary but should be strongly induced by withholding certain remedies and evidentiary benefits for infringement of works not registered promptly.

For a time in the early 1960's the issue of what remedies to withhold where infringement preceded registration became extremely contentious. Finally, by the time the first of many general revision bills was introduced in Congress in 1965, there was general agreement as to what the inducements to registration should be, and the issue disappeared from public copyright debates leading to enactment of the 1976 general revision statute. In all of the revision bills after 1965, and indeed in all of the proposed revisions of the Act of 1976, the provision that became section 412 remained essentially unchanged: the remedies of statutory damages and attorney's fees were withheld from unpublished works infringed while unregistered; the same was true for published works unless the work had been registered during a three-month grace period following publication.

Throughout the general revision period the purpose mentioned as underlying section 412 was the inducement to register and deposit. The 1988 bill to implement U.S. adherence to the Berne Convention assumed that the requirements of section 412 are compatible with Berne's prohibition against establishing or maintaining formalities as conditions

of copyright protection. No changes in 412 were proposed, and the Senate report (which favored outright repeal of section 411(a) rather than the act's ultimate adoption of a two-tier system exempting non-U.S. Berne works) suggested that its solution would have no effect on registration and deposit because section 412 would still be there to induce them.

At any event, by sweeping away the remaining formalities of the U.S. copyright law — notably the requirement of notice as a condition of protection for published works—the 1988 Berne Implementation Act brought nearly everything in the world that can be considered an "original work of authorship" (and that had not already fallen into the public domain) automatically under U.S. copyright protection. This sweeping change, some argue, made registration itself more important, and gave section 412 a new or increased significance in inducing registration as a means of marking off areas of copyrighted works where statutory damages and attorney's fees may be obtained.

2. *Arguments for repeal of section 412:*

- a) The remedies of statutory damages and attorney's fees are essential to protect effectively the rights of individual authors and small individual and corporate copyright owners. Infringement has become much more common, and litigation has become much more complex and expensive in recent years. The inability of plaintiffs to recover at least some of the legal costs of bringing suit, and something more than whatever actual damages and profits they can prove, simply puts them out of court. This means that deliberate infringers can continue their activities with impunity, that other infringers are encouraged rather than deterred, and that settlements of litigation become more difficult and unfair.
- b) Unlike large corporate copyright owners the great majority of individual authors and small copyright owners know little or nothing of copyright requirements, including registration and section 412. When an unregistered work is infringed the author or owner frequently discovers

for the first time that, even if victorious, he or she must bear all costs of legal representation; and, for there to be any monetary recovery at all, the owner must offer proof of actual damages and the defendant's additional profits attributable to the infringement. This can be an extremely expensive and difficult if not impossible task, and in the end the amounts that can be proven are often minimal. The costs of pursuing the action may well exceed the amounts recovered in this situation, and be more than the individual can afford. Even if the author or owner wishes to pursue the infringement claim, there may be real difficulty in finding an attorney to take the case. Section 412 can be a trap for the unwary.

- c) Even if they know of the requirements of section 412, many authors and small copyright owners do not have the time, resources, or staff to register within the very short grace period provided. This is especially true of authors of numerous separate works, such as photographers, graphic artists, poets, journalists, and the like. For them the burdens of paperwork and multiple registration fees as a practical matter preclude registrations for large numbers of works, most of which will never be infringed; the author or other small copyright owner is thus effectively deprived of protection when infringement does occur.
- d) Plaintiffs must win their case before any possibility of statutory damages and attorney's fees arises, and the courts can generally be relied upon to prevent unfounded claims from succeeding. Nuisance suits can also be deterred in appropriate cases by granting attorney's fees to the winning defendant or imposing sanctions under Rule 11.
- e) There is no empirical evidence to show whether section 412 is an inducement to registration and deposit, but it should be noted that before section 412 was enacted in 1976 copious registrations were made without the threat of withholding statutory damages, attorney's fees, or any other

remedies. If inducements are needed in the absence of section 412, they should take the form of positive benefits rather than the negative penalties of the present law.

- f) Should section 412 remain in the statute, there is a danger of retaliation by other countries where U.S. works are currently being pirated. Another country could, for example, make registration a condition of criminal sanctions against infringement of U.S. works, and such sanctions are frequently the primary weapon in a given country against piracy.

3. Arguments for retention of section 412:

- a) The legislative history of section 412 shows that the principle underlying it — to induce registration and deposit for the Library of Congress by withholding certain remedies for infringement of unregistered works — has gained wide acceptance since the mid-1960's; it was enacted without controversy in 1976 and, again without controversy, was retained without change in 1988.
- b) Section 412 is fulfilling the purpose for which it was intended as a powerful working inducement to registration and deposit, which are in large part responsible for the Library's collections and copyright databases. It has proven its reasonableness and legitimacy as part of the American copyright system.
- c) Repeal of section 412 would pose risks to the collections of the Library of Congress and the Copyright Office's public record of registered works by making them dependent on unproven alternative incentives to registration and deposit.
- d) The acts of 1976 and 1988 have transformed the American copyright system into one virtually free of formalities, with the result that the number of works now protected by statutory copyright is virtually incalculable. However, without notice and registration, it is difficult if not impossible for publishers, historians, bi-

ographers, journalists, and other authors and users to determine basic copyright facts about a work. The function of section 412 in our copyright system has thus achieved a new dimension. By inducing registration it provides scholarly users and other authors and publishers with essential information not otherwise available; and, by withholding statutory damages and attorney's fees for unregistered works, it shields these users from some of the risks of litigation.

- e) Repeal of section 412 would lead to a flood of infringement claims induced by the greater availability of statutory damages and attorney's fees. In some cases the motives behind the actions would be to force monetary settlements involving works to which the creators never previously ascribed any value, and in others the motives would be to use the copyright law as a weapon to suppress information for one reason or another.
- f) If section 412 is repealed, fear of litigation could lead scholars and other authors to avoid using quotations or excerpts from copyrighted materials, undermining the fair use doctrine and having a chilling effect on the free exchange of information and opinions.

C. Existing Deposit and Registration Provisions: Mandatory Deposit

1. History and purpose of section 407

The 1976 general revision statute went part of the way in softening the formal requirements of the old law, especially with respect to notice and manufacture; as under the Supreme Court's *Washingtonian* decision, registration and deposit were made largely voluntary but were also strongly induced, especially by section 412. Despite this inducement there was genuine concern in 1976 about the potential effect of the statutory changes on the collections of the Library of Congress. Originally section 407 was intended to operate as a back-up to voluntary registration and deposit, to provide the Library with a way to compensate for any losses to its collections under the new law.

Unlike mandatory deposit under the 1909 statute, which was tied to registration and provided for loss of copyright as a sanction, section 407 was modelled on *depôt legal* systems in effect in the great majority of other countries, and on which their national library collections depend. The provision was intended to complement voluntary copyright registration by giving the Library a way to obtain material needed for the collections and otherwise unobtainable under a voluntary copyright registration system. A complementary provision under section 408 was intended to provide further inducements to copyright registration and deposit by allowing section 407 deposits to be used for voluntary registration under section 408.

Although section 407 expressly declared that its requirements are not a condition of copyright protection, the 1976 act preserved strong ties between mandatory deposit under section 407 and voluntary registration and deposit under section 408. Two of these links were particularly important: first, the obligation of mandatory deposit was made to rest upon U.S. copyright owners or rights holders, and, second, the requirement applied only to works published with copyright notice in the United States.

The constitutionality of section 407, as it existed between 1978 and 1988, was litigated in 1985 in *Ladd v. Law and Technology Press*. The Ninth Circuit Court of Appeals upheld the constitutionality of section 407 in the face of three challenges: that the deposit requirement was not "necessary and proper"; that it constituted a taking of private property for public use without just compensation; and, that it burdened material protected by the guarantees of freedom of speech and expression.

In the 1988 Berne Implementation Act, Congress repealed the requirement that, as a condition of copyright protection, published works carry a copyright notice, and added a consequential amendment of section 407: the requirement of mandatory deposit, formerly limited to those works published in the United States with notice of copyright, was broadened to cover a copyrighted "work published in the United States"—that is, a work published with or without a copyright notice.

There has been some uneasiness that the sweeping change in 1988 weakens the force of the *Ladd* decision upholding the constitutionality of section 407, because the decision gave some significance to the copyright owner's act in placing a copy-

right notice on works subject to mandatory deposit, and notice is no longer a condition of copyright. However, members of ACCORD do not appear to share this concern: the collections of the Library clearly "promote the progress of science and useful arts," and the *quid pro quo* for mandatory deposit is found in the Congressional grant of a system copyright protection and, potentially, in the establishment and maintenance of a national database of information about the material deposited. Some non-constitutional questions remain concerning the issue of inducing owners to abandon copyright protection as an alternative to complying with the mandatory deposit requirement, and the treatment of non-U.S. Berne Convention works under section 407. These problems should be given further study.

The proposals to improve and expand the effectiveness of mandatory deposit are outlined in Chapter 4 of this report, and for the most part they are self-explanatory. However, the following additional observations should be made:

First: The key to a successful mandatory system is that in general it be made to work automatically, without individual demands and negotiations. At the outset this will require the Library to establish and maintain databases, identify and contact potential depositors, and undertake an educational campaign.

Second: Mandatory deposit cannot and should not reach unpublished, undissemated works, and thus will not substitute for any inducements to register and deposit unpublished material now provided by section 412. If the Library's collections are not to be weakened, these recommendations for expanding and strengthening mandatory deposit must be coupled with recommendations for improving registration practices and procedures as outlined below.

Third: A second key to the success of a mandatory deposit system is the spirit in which it is implemented and enforced. It is important that potential depositors be made to understand their obligations as citizens and that they be approached non-coercively with understanding of their special problems and under a system of due process. However, if it becomes necessary to

enforce a formal demand, something better than the present system must be found. The possibility of allowing the Librarian to retain outside counsel and to obtain recompense for attorney's fees should be fully explored.¹³

Finally: Enormous changes are taking place in information storage and transfer; the Library of Congress collections, their users, and the Library's bibliographic and copyright records it maintains lie at the core of this revolution. Careful and imaginative planning and energetic implementation of the recommendations in this report will be essential to their success.

D. Existing Deposit and Registration Provisions: Simplification and Amelioration of Current Registration Policies and Practices

A second group of the recommendations to induce registration and deposit are summarized in detail in Chapter 4, below. They involve not so much a basic change in the operations of the registration system as the adoption of simplified procedures and a positive approach to carrying them out. ACCORD was in general agreement that legislation, regulations, or administrative action should—

- 1) Create a simple, short-form application to be used whenever possible. Many believe that this would induce individual authors who are now put off by the complicated forms to start registering their works.
- 2) Greatly expand the use of group registration and optional deposit to reduce the present burdens; induce the Copyright Office to consult more actively and frequently with present and potential registrants to hear their problems and to respond to them whenever possible.

¹³ A fourth observation, suggested by an ACCORD member, is consistent with views expressed by other members during the discussions: "The Library must continue to work together with private sector representatives in adopting appropriate safeguards in the Library for works in media more easily copied than traditional media. Proprietors of such works are concerned as to the greater possibility of widespread unauthorized use of such deposits. Agreements such as the recent experimental agreements with the Library for CD-ROM deposits may work to both allay the concerns of copyright owners and achieve the Library's goals."

- 3) Emphasize the importance of the copyright catalog and online database of copyright registrations, and work out a system whereby information about ownership, transfers, licenses, and the sources of permissions could be added to the data already available.
- 4) Make clear that good faith errors in applications will not invalidate copyright protection or constitute fraud on the Copyright Office, and that no misstatement in an application will invalidate the copyright itself.
- 5) Restore or make more widely applicable the "rule of doubt," under which uncertainties about copyrightability or registrability are resolved in the applicant's favor. Adopt an attitude of helpfulness toward applicants, leaving it to the courts to decide doubtful questions.

In this connection it is important to emphasize that nothing here is intended as a criticism of staff members of the Copyright Office or the Library of Congress, who have often been cited for their efficiency, cooperativeness, and willingness to go out of their way to share their time and expertise with applicants and members of the public. Most of the members of ACCORD are users of the Library and the Copyright Office, and their concerns are not with individual members of the staff, for whom they have the highest praise. Their concerns are with institutional and administrative policies which, they feel are inconsistent with the spirit and philosophy of the present copyright law of this country.

E. Additional Incentives to Registration and Deposit

The incentives to copyright registration and deposit on which ACCORD was able to put forward recommendations to the Librarian—those involving expanded mandatory deposit and substantial improvements in registration practices and policies—are laid out in Chapter 4 of this report. In addition, a very large number of ideas for other inducements were put forward during Phase I of the committee's work. Most were discussed in plenary sessions and in one subcommittee meeting; others were contained only in written submissions. Some ideas were passed over quickly, while others

—notably those involving litigation-based incentives or the granting of "enhanced remedies" for registered works—were given serious consideration. Some of the ideas were very imaginative, and none were either accepted or rejected outright. Many of them deserve further consideration, either as possible incentives to deposit and registration or on their own merits.

There is no space in this report to describe in detail all of the proposals and ideas that have been put forward for inducing registration and deposit, or to review the comments and criticisms directed at them. However, we have tried to divide them into categories and to list them briefly under the following headings:

- 1) Incentives based on giving greater substantive rights to registered works;
- 2) Monetary or fee-based incentives;
- 3) Incentives tied to mandatory deposit (in addition to those recommended in chapter 4);
- 4) Incentives tied to registration (in addition to those recommended in chapter 4);
- 5) Litigation-based incentives.

1) *Incentives Derived from Granting Greater Rights*

NOTE: The Berne Convention prohibits the establishment of formalities, including registration and deposit, as conditions of copyright protection. It was pointed out that some of these ideas might satisfy Berne but that others would raise problems. Aside from the suggestion in paragraph (f), which was not discussed, none of these proposals appeared to attract support from ACCORD members.

- a) *Extension of term.* Add a term of years, possibly five, to the duration of copyright in registered works.
- b) *Presumption of death.* For registered works, remove the presumption under section 302(e) as to the author's death, a presumption used in determining when copyrights expire in some cases.
- c) *Domaine public payant.* Establish an additional five-year (or other) public domain status for registered works during which income from protected uses would be

shared between the copyright owner and the government.

- d) *Prima facie presumption.* Give prima facie evidentiary effect to certificates of registration in judicial proceedings other than copyright, including probate and contract disputes.
- e) *Titles.* Give certain rights in the titles of copyrighted works that have been registered.
- f) *Software.* To encourage registration of computer software, provide for an explicit prohibition of reverse engineering of registered software if the deposit consists of the source code in its entirety, with appropriate assurances of secrecy for some limited period, such as ten years.

2) Monetary Incentives

NOTE: A number of problems were raised with respect to suggestions for inducing registrations or enhancing the Library's collections by reducing costs to the copyright owner or by paying out appropriated funds to purchase material or for other purposes. It was agreed that suggestions of this sort may be unrealistic in the present political and economic climate and, even if funding were secured in one Congress, it could be swept away in a later budget, seriously damaging the copyright system and the Library's collections. The administrative costs in identifying and purchasing material are usually much greater than the costs of the material itself; many works now acquired under the copyright law are not for sale, and as a realistic matter could never be identified for purchase. Also, experience has shown that the problems and costs of administering a registration schedule providing for differentials in the amounts of fees may outweigh the advantages in providing lower fees for certain types of registrations.

- a) *Fee-based incentives:*
 - i) Provide a lower fee for short-form registrations.
 - ii) In special cases, provide free registrations, lower fees, or rebate credits (e.g., where registration is made very promptly after publication; where the Library wants a very expensive work;

where registration is combined with deposit under the cataloging-in-publication program).

- b) *Deposit/Registration Databases.* In the online databases of mandatory deposits and voluntary registrations provided by the Copyright Office and the Library, include information about permissions, licensing, and pricing that would be furnished by the copyright owners themselves, and would be of substantial commercial benefit to them.
- c) *Tax incentives.* (These would require much working-out within the government and a large educational campaign, but should not be brushed off for these reasons.)
 - i) Provide a tax credit for the value of both mandatory and voluntary deposits.
 - ii) Under the new charitable gift deductions law included in the 1993 Budget Reconciliation Act, encourage copyright owners to take deductions for deposits.
- d) *Combined deposit and purchase.* Negotiate and make special arrangements with depositors in certain cases for the Library to purchase a number of copies or phonorecords over and above the number deposited, for the mutual benefit of the Library and the copyright owner.
- e) *Exchanges.* Work out a system whereby deposits or extra copies the Library does not want are offered for exchange to other libraries, especially those in foreign countries, in order to obtain their extra or unwanted material.

3) Mandatory Deposit (Incentives other than those recommended in Chapter 4):

- a) *Mini-412.* Include in new chapter 11 on mandatory deposit, as one of the penalties for failure to comply with a formal demand, the loss of statutory damages and attorney's fees in infringement suits for unregistered works. After discussion by ACCORD this idea failed to find acceptance.

- b) *Prima facie presumption.* Give the information in the database of mandatory deposits some degree of prima facie weight. Again this idea failed to find favor with the committee.
- c) *Processing fee.* Allow the Library to charge certain fees in connection with mandatory deposits to cover costs of contacting copyright owners and identifying individual works. One idea is to make this fee the same as or higher than the registration fee, thus inducing registrations.

4) Registration incentives (other than those recommended in Chapter 4):

- a) *Combined registration and recordation.* Require registration before recording assignments, licenses, etc., or include ownership information on the application, or make registration the foundation on which full information about a work and the ownership is put into the Copyright Office's records and online databases. Some members of ACCORD was enthusiastic about this idea, and it was agreed to address the whole question of the interrelationship between copyright registration and the recordation of transfers and other documents in Phase II of the deliberations.
- b) *Merge databases.* Work toward making compatible the various public records and databases of the Copyright Office and Library with the goal of merging them online. The merged database would include the Catalog of Copyright Entries, the new records of mandatory deposits, and possibly the Library's bibliographic entries for copyrighted works. ACCORD liked this idea very much.
- c) *Educational campaign.* Organize, through publications, speeches, meetings, personal contacts, and help from organizations, a major campaign aimed at educating the public about copyright in general and registration and deposit in particular.
- d) *Incontestability.* Look into the possibility of providing something similar to the provisions of the trademark law making the

validity of, and facts stated in, a registration incontestable after a certain period of time and subject to certain exceptions (e.g. fraud, antitrust violations, etc.). The analogies between trademark and copyright practices may be too weak to make this practical, but the idea might be investigated in connection with prima facie presumptions.

- e) *Conflicting registrations.* Where there are two or more registrations covering the same version of a work in the Copyright Office records, provide for a presumption that the facts stated in the earliest registration will prevail.
- f) *Retention of deposits.* Provide for permanent retention of deposits of published works upon request of the copyright owner, without charging the present retention fee.

5) Litigation-based incentives.

NOTE: Both sections 411(a) and 412 of the present law are litigation-based incentives to registration and deposit, since they deprive the copyright owner of certain benefits in infringement litigation unless registration has been made: statutory damages and attorney's fees under 412, and the right to bring suit under 411(a). It is argued that these (or at least section 412) operate as powerful inducements since copyright owners, or the attorneys advising them, know that if they register they will get certain rights and remedies, and if they don't register they will be deprived of these benefits.

It was pointed out that the new ideas for additional litigation-based incentives would work in just the same way as section 412. Some members of ACCORD favored the new carrot-and-stick proposals on the ground that, unlike statutory damages and attorney's fees, the enhanced remedies, not now available under the copyright law, would provide effective incentives to registration and deposit. Others argued that the stronger the incentive, the more it operates as a penalty, and the weaker the incentive, the less likely it is to induce the desired behavior.

According to the latter view, litigation-based incentives are flawed sticks rather than carrots, since

they cannot fail to constitute a trap for the unwary; to induce registration the law should create registration incentives, not litigation incentives. On the other hand, some members felt strongly that a package of litigation-based incentives, offering additional remedies not now available, would be less objectionable than 412. They felt that such a package should supplement the recommendations in Chapter 4 as a means of insuring the continuation of copyright registrations and deposits at current levels.

- a) *Sunset provision.* There was considerable feeling on the committee that whatever changes are made in the law will have unpredictable results, and that the statute should contain either a sunset or perhaps a "sunrise" provision requiring Congress to evaluate the effects of its amendments after they have been in effect for a stated period, perhaps five years.
- b) *Variations on Section 411(a):*
 - i) Repeal the provision but give courts the express option of asking the Copyright Office for an advisory opinion.
 - ii) Modify section 508, which is not working. Instead of requiring the clerks of the courts to notify the Copyright Office about litigation, put the onus on the plaintiff and add the information to the Office's online databases.
- c) *Variations on Section 412:*
 - i) Repeal section 412 insofar as it withholds statutory damages and attorney's fees for published or publicly-disseminated works, but retain it for unpublished, unregistered works, possibly with some of the amelioration discussed below.
 - ii) Give the court discretion to make exceptions to the requirements of section 412 in certain limited circumstances, possibly including cases of excusable neglect or inadvertence, or where compliance is physically or financially difficult or impossible.
 - iii) Expand the grace period for published works in 412;
 - iv) Make 412 inapplicable if registration is

made after infringement begins but before bringing suit;

- v) Withhold certain remedies but allow the court to make exceptions, and lay out the factors the court in its discretion might consider in deciding to grant, withhold, or reduce statutory damages and attorney's fees;
 - vi) If registration is made after the first of a series of infringing acts, allow statutory damages and attorney's fees for acts committed after registration;
 - vii) Allow the court in its discretion to withhold statutory damages or attorney's fees, but not both.
- d) *Enhanced remedies: In general.* Subject to judicial discretion and the possibility of exceptions where extenuating circumstances exist, provide that where there has been timely registration, an award of "enhanced" remedies over and above those normally available would be mandatory regardless of when the infringement occurred. The possible nature of these "enhanced remedies" was the subject of much discussion. Among the ideas (where timely registration has been made):
- i) Allow the court to make its award per act of infringement rather than per work;
 - ii) Make liability "several" rather than "joint and several", so that each defendant would be separately liable for damages.
- e) *Enhanced remedies: actual damages and profits.*
- i) Give the courts discretion to award treble damages and profits where there has been timely registration and the infringement was willful, the treble damage award not to be in lieu of any additional profits of the infringer.
 - ii) Give the courts discretion to cumulate actual damages and all profits (i.e., not just "additional" profits as at present), as some courts had interpreted the 1909 law, where there had been timely registration.

- f) *Enhanced remedies: Statutory Damages.* Where there has been timely registration:
 - i) Raise the ceiling for awards of statutory damages in cases of non-willful infringement from \$20,000 to perhaps \$100,000.
 - ii) Remove the ceiling in all cases.
 - iii) Break up the schedules of awards into brackets, reserving the highest brackets for registered works.
- g) *Enhanced remedies: attorney's fees:* Where there has been timely registration:
 - i) Make an award of reasonable attorney's fees mandatory in cases of both willful and non-willful infringement;
 - ii) Provide for mandatory awards of attorney's fees in all cases of willful infringement, but not for mandatory awards in cases of non-willful infringement.
- iii) Make attorney's fees awards cover the full amount of the fee charged, not just "reasonable" fees;
- iv) Include with the award of attorney's fees a recovery of the plaintiff's other litigation costs: court reporter fees, expert witness fees, accountant's fees, costs of duplicating the record, etc.
- v) Provide that, if plaintiff loses and there has *not* been timely registration, plaintiff must pay defendant's attorney's fees.
- h) *Effect of registration on defenses in litigation:* If registration has been made, and subject to judicial discretion:
 - i) Increase the statute of limitations from three to six years;
 - ii) Preclude the defense of innocent infringement under section 504(c)(2);
 - iii) Preclude claims of abandonment and estoppel.





As the authors of this report have understood it, the initial charge of the Librarian of Congress to ACCORD was to study and report to him upon possible methods of inducing copyright registration and deposit for the Library that would serve as alternatives to the incentives now offered by sections 411(a) and 412. The committee has entrusted us, as co-chairs, with the responsibility of reporting upon the work of ACCORD during its first phase and the proposals and recommendations that emerged from that work. We emphasize once again that the statements here are our own, not those of ACCORD or of any of its other members.

We believe that the recommendations set forth in this chapter reflect the views of a substantial number of ACCORD members, and that there was sufficient support for these proposals to put them forward for consideration by the Librarian of Congress. It is true that the members agreed to disagree on the Reform Bill's repeal of sections 411(a) and 412, and that the relative strength of an individual member's support for the recommendations in this chapter depended upon the member's views on the repeal of section 411(a) and particularly 412. Chapter 3 of this report and some of the working papers contained in the Appendix reflect the various views of ACCORD members on sections 411(a) and 412.

The recommendations summarized in this chapter are put forward as a package consisting of two types of proposals for statutory and administrative change: first, a new chapter of the Copyright Code to replace and strengthen the effectiveness of section 407 on mandatory deposit for the Library of Congress; and, second, a group of proposed amendments to sections 408 through 410 and 411(b) aimed at simplifying, liberalizing, and ameliorating the present registration/deposit system. The recommendations were initially considered by the committee in the form of rough drafts of statutory language. The intention of the drafters of this language was to show to the ACCORD members the full content and reach of the proposals, to demonstrate how they might work in practice, and to reveal potential problems and defects.

The drafts were presented to an eight-member subcommittee of ACCORD at an all-day meeting on Sunday, August 29, 1993. This meeting produced what appeared as considerable support for the basic proposals, together with a number of detailed suggestions for changes in language and substance. At the full committee's meetings on September 1 and 2 the same rough draft was presented as the basis for discussion, this time with a covering memorandum summarizing the proposals. Again there were suggestions for changes in both wording and substantive content.

These drafts have formed the basis for the recommendations summarized in this chapter, and may therefore be useful as background material. They have not been changed or refined; the covering memorandum of September 1, together with the rough drafts in their original form, are included in the Appendix as Working Paper #19. For present purposes the chairs have sought to summarize and explain the content of the drafts in ordinary report language, in some cases adding summaries of suggestions that emerged from later discussions of the drafts and on which some further degree of accord was reached.

Recommendations Concerning Mandatory Deposit

- 1) **In General.** It is the sense of a number of ACCORD's members that the mandatory deposit provisions of section 407, if substantially expanded and strengthened legislatively and administratively, offer a opportunity to enhance the collections of the Library of Congress. These provisions parallel the "legal deposit" and similar requirements in most other countries.
- 2) **Basic Purpose of the Proposal:** To obtain, automatically and without the necessity for a demand, the deposit of the bulk of copyrighted material made available to the public¹⁴ in the United States that the Library of Congress wants and that is not coming in through copyright registration.
- 3) **Structural Change:** Make section 407 into a separate chapter of Title 17 to accommodate the greatly enlarged number of sections, to focus greater attention on the requirement, and to emphasize its increased importance. In addition, separating the sections dealing with mandatory deposit from those on copyright registration emphasizes the differing goals and policies of the two.
- 4) **Statutory Clarifications:** Make clear in the statute that—
 - a) The obligation to deposit arises immediately and automatically upon publication or public dissemination in the United States, without the need for any official notices or demands;
 - b) The obligation devolves upon the owner of U.S. copyright or the owners of any

¹⁴ This would expand the scope of mandatory deposit to include not only published works, but also works publicly disseminated by any means. It would broaden the reach of the Library to works disseminated, but not technically published—for example, transmission programs and online databases. Most members support the Library's desire to obtain these works, but were concerned that the proposal is too broad in the scope of works affected, and in the possible uses the Library might make of them once available. There was an acknowledgement, especially for works in electronic formats (including online databases), that careful study and important safeguards must precede any legislative or administrative change.

exclusive rights of publication or public dissemination in the United States, and may be fulfilled by any of them;

- c) The obligation applies to every work the rights owners disseminate publicly in the United States unless deposit for copyright registration is made, or unless the Library has declared that it does not seek deposit of the type of material in question.
- 5) **Scope of the Obligation:** Expand the scope of mandatory deposit to include not only copies and phonorecords but also materials, such as television programs and online databases, which are widely available to the public but may not be "published" in the technical sense under the copyright law.
- 6) **Relation to Copyright:** Clarify in the statute the relation between mandatory deposit for the Library of Congress and deposit for copyright registration. Explain that mandatory deposit is not a condition of copyright protection, but that mandatory deposits may be used to fulfill the deposit requirements related to copyright registration. Elucidate the respective responsibilities of the Librarian of Congress and the Register of Copyrights in administering the system.
- 7) **The Question of Abandonment:** Deal in the statute or in regulations with the legal problems presented by abandonment of copyright or publishing rights as an alternative to mandatory deposit. Set up a system where requiring abandonment would not be routine, and where alternatives to abandonment would be sought through negotiated agreements to defer deposits for periods of time, combine purchases with deposits, allow different forms of deposit, etc.
- 8) **Initial Procedures:** Strengthen and formalize the initial procedures for mandatory deposit, including identification of the material wanted and the methods for informing potential depositors of their obligations and of their option to deposit in connection with copyright registration instead. Set up a procedure under which the Library—
 - a) Regularly, and frequently, reviews and publishes its acquisitions policies as applied to mandatory deposit, making clear

what it wants and what it does not want at the time, what classes of material are completely exempt, what the classes are where deposit of one copy or phonorecord will suffice, the conditions under which it will suffice to put the Library on a subscription, and the conditions for special cases where deposit copies or phonorecords are completely lacking, etc.

- b) Identifies, by comparing information from databases, the material the Library wants and is not getting under copyright registration, and undertakes to make the contacts necessary to have them deposited voluntarily and automatically.
- 9) **Due Process:** Set up a fair and effective compliance procedure, giving potential depositors due process (e.g., under the Administrative Procedure Act) and the opportunity to negotiate agreements for their mandatory deposits that would be fair to them and to the Library:
- a) Initially, the Library would notify potential depositors of their obligations by sending a written request identifying the work or body of works, with information about the requirements, alternatives, and time limits, including the option to make a voluntary registration and deposit;
 - b) Then, within three months after the request the potential depositor would have the options to deposit, to explain why there is no legal obligation to deposit, or to enter into good faith negotiations with the Library over possible optional forms of deposit, possible restrictions on use or disposition of the deposits by the Library, etc.;
 - c) Within one month after conclusion of any such negotiations the potential depositor would have the right to appeal directly to the Librarian, whose decision would constitute the final agency action, subject to appeal to the courts.
- 10) **Formal Demands:** Establish time-limits after which the Library may make formal demands, and set up requirements for the contents and service of the demand and for time-limits to comply with it.

- 11) **Sanctions for Noncompliance:** Establish realistic sanctions for noncompliance with a formal demand, including fines and recovery by the Library in appropriate cases of its attorney's fees and other legal costs incurred in enforcing the demand; make clear that the sanctions are civil and not criminal in nature.
- 12) **Legal Representation:**¹⁵ Provide the Librarian with practical and effective means for obtaining legal representation in demand cases, including the right to retain private counsel, special procedures in the Justice Department, the Library, or the Copyright Office, etc.
- 13) **Records of Mandatory Deposits:** Establish statutory procedures for processing and recording the receipt and disposition of mandatory deposits:
- a) Make clear that no application or fee is required;
 - b) Formalize procedures for exchanging deposit copies or phonorecords with other scholarly institutions;
 - c) Make clear that, as with other items in its collections, the Library may use and transfer or exchange deposits without restrictions, unless there has been a negotiated agreement establishing restrictions. Again, special consideration must be given to works easily reproduced or transferred, such as works in digital or other electronic formats;
 - d) Require the Library to establish and maintain simple public records of all mandatory deposit material received. Specify the information to be included in public records, to be taken from the face of the deposits, together with data about their estimated value and disposition, to be maintained for the Library's own fiscal and statistical records and for bibliographic purposes;
 - e) Require the Library to put these records into an online database very shortly after receipt of the deposit;

¹⁵ See Working Paper No. 20 regarding the authority of Legislative Branch agencies to litigate.

- f) Give depositors the option of informing the Library, at the time of deposit and later, about whom to contact concerning permissions and licensing (possibly with appropriate information as to terms and pricing) and require the Library to include this information in the online database.

14) **Transmission Programs:** With respect to "transmission programs," especially radio and television programs, authorize the Library to record off-the-air under regulated conditions, as an alternative to demanding hard copies. Set up a process under which there would be studies and consultations before establishing the regulations controlling these procedures and include in the studies the implications, if any, for online databases.

Recommendations Concerning Copyright Registration Policies and Practices

1) **In General.** There was general agreement among the members of ACCORD that the copyright registration and deposit provisions of the present law (sections 408 - 410, and 411(b)) are too complicated, that they leave open the possibility of overly-strict or technical administration, and that these in some cases these factors may constitute deterrents to registration. A consensus view of the committee was that, to induce authors and copyright owners not now registering to do so, and to encourage those now registering to continue, the statute should provide for substantial simplifications and ameliorations in existing registration policies and practices. This is particularly important with respect to unpublished works,¹⁶ as they would not be reached by the expansion and strengthening of the mandatory deposit requirements.

2) Section 408:

- a) *Optional Deposit and Group Registration.* Expand the Register's authority to establish optional forms of deposit and the groupings of related works under a single

registration; without prejudice to this authority, require the Register to establish standards and procedures for special exceptions to the deposit requirements, and for optional deposit and group registration in specified cases. An example would be expansion and liberalization of the current provision for group registrations of contributions to periodicals. Address in the statute the problem of providing meaningful cataloging and database entries identifying the various works comprised in a group registration.

- b) *Regular Public Inquiries.* Require the Register at regular intervals, perhaps annually or biennially, to conduct full-scale public inquiries, to identify situations or types of works where variations in types of deposits or in standard registration practices would be justified.

3) Section 409:

- a) *Short-form application.* Begin the section with a new subsection providing for a short-form, much simpler, application to be used where the copyright owner is the living author and the work has not previously been published (or publicly disseminated if the statute provides for mandatory deposit of publicly-disseminated works). Detail the information to be included in the short form, keeping it as simple as possible.
- b) *Optional information about source of permissions.* For both short and long-form applications, allow the applicants (or possibly their representatives or licensees) to provide optional information about whom to contact concerning permissions and licensing, together with appropriate information about terms and pricing. Make provision for this information to be included in the Copyright Office's online catalog and for methods allowing the applicant to keep the information current. Make clear that this optional information is not entitled to prima facie presumptions under section 410(c).
- c) *Specified items of information.* Revise the list of specified items to be included in the

¹⁶ The classes of unpublished works not reached by mandatory deposit would be reduced if mandatory deposit is expanded to include works "publicly disseminated" but not technically "published."

long-form application to make the information provided clearer and more meaningful:

- i) Delete clause (10), a ghost of the manufacturing clause;
- ii) Retain clause (5), but tie it to information in the records of transfers maintained by the Copyright Office under section 205;
- iii) Rewrite clause (9) to make much clearer and simpler the information to be elicited, and to limit it to what is necessary for the registration process.
- d) *Good-faith errors.* Add a subsection, applicable to both short and long-form applications, making clear that an error or omission of fact on the application will deprive that item of information of prima facie weight, but if made in good faith will not constitute fraud on the Copyright Office or invalidate the registration, or the copyright, or deprive the copyright owner of any remedies.

4) Section 410:

- a) Revise both subsections (a) and (b) to restore the "rule of doubt" in the examining and registration process, making clear in statutory language that if, under a "reasonableness" standard, there is any genuine uncertainty regarding registrability in a particular case, the doubt should be resolved in favor of the applicant. (Several formulas for stating this principle in the statute were put forward by ACCORD members.)

- b) Add a subsection detailing a procedure for applicants to use in appealing adverse actions by the Copyright Office, requiring observation of due process under the Administrative Procedure Act and providing an appeals ladder through the Register to the Librarian, whose decision would constitute final agency action subject to appeal to the courts.

- 5) **Section 411(b):** Amend this subsection, dealing with the special problem of live radio and television programs (notably sports) which are likely to be infringed at the moment of their first transmission, to reduce the present cumbersome paperwork and procedural burdens. Instead of requiring actual notice to be served on potential infringers, provide for a filing in the Copyright Office within reasonable time-limits and under regulatory conditions to constitute constructive notice, allowing injunctions and recovery of other remedies as long as timely registration is made later.

Recommendation for Review

One thing on which all of the members of ACCORD appeared to agree was the lack of hard evidence concerning the effect of sections 411(a) and 412 as inducements to registration. It was suggested that, after a stated period of perhaps five years, the effects of the changed requirements could be reviewed to see whether they had had the desired effect. This would seem a desirable safety valve, especially if more reliable statistics than those now available could be provided, and we recommend that a provision to this effect be added to the statute.

Appendix

THE LIBRARY OF CONGRESS ADVISORY COMMITTEE ON COPYRIGHT REGISTRATION AND DEPOSIT (ACCORD)

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Agenda

THE LIBRARY OF CONGRESS
ADVISORY COMMITTEE
ON COPYRIGHT REGISTRATION AND DEPOSIT (ACCORD)

FIRST MEETING
JUNE 10-11, 1993

James Madison Memorial Building - Librarian's Conference Room, LM-608

Thursday, June 10

- 9:00 a.m. Coffee on Librarian's balcony, (LM-608)
- 9:30 a.m. Opening remarks: Dr. James H. Billington,
Librarian of Congress;
Barbara Ringer and Robert Wedgeworth,
Co-chairs
- 10:00 a.m. Introduction of committee members by themselves
- 10:15 a.m. Briefing on ACCORD proceedings and Copyright Reform Act
- Administrative matters
 - ACCORD timetables, organization, and procedures
 - Overview of H.R. 897
- 11:00 a.m. Introduction of documentation and work programs
- 12 noon Lunch (Montpelier Room)
- 1:30 p.m. Discussion and demonstration of Library of Congress
collections and acquisitions
- 3:00 p.m. General discussion and observations by committee members

Friday, June 11

- 9:00 a.m. Coffee on Librarian's balcony
- 9:30 a.m. Discussion of work programs and possible assignments
of working groups
- 12 noon Lunch (free time)
- 1:30 p.m. Continuation of discussion of work programs
and/or first meetings of working groups

Summary

OF THE FIRST MEETING OF ACCORD
JUNE 10-11, 1993

JAMES MADISON MEMORIAL BUILDING
LIBRARY OF CONGRESS

The first meeting of the Advisory Committee began at 9:45 a.m. on June 10, 1993, with a welcome and brief preliminary remarks from James Billington, Librarian of Congress. He described the Committee's mission. "Put simply," he said, "we're looking for new incentives to copyright registration deposit, should it be decided to delete from the copyright statute the registration incentives now in Sections 411 and 412." He asked the group to keep in mind the primary need to sustain the record of America's culture. He then introduced Barbara Ringer and Robert Wedgeworth and expressed his appreciation for their public service.

Ms. Ringer welcomed the committee and added her sincere thanks to those present. She commended to them a recent address by Dr. Billington, "Is Alexandria Burning Again?" to set the tone for the proceedings. She asked the group to consider the acronym ACCORD, which member Fred Koenigsberg suggested to name the Librarian's Advisory Committee On Copyright Registration and Deposit, adding that she thought it captured the hoped-for spirit of cooperation.

Ms. Ringer then described the work of the Committee as a two-phase effort. Phase One would address the immediate target, to examine sections 411 and 412 of the copyright law and alternative incentives to registration. This would require a preliminary report to the Librarian shortly before September 15, 1993, to enable him to comply with Congress' request by that date. Phase Two would address broader issues and would require filing a report sometime around March 1994. Inevitably, she said, our study will call for further detail and would lead to other matters. She suggested that members might note items they wished to pursue for the next phase. In any event, we are looking toward delivering two reports to the Librarian of Congress, who, in turn will report to the congressional members responsible for copyright matters. There was also a possibility that the copyright subcommittees might hold separate meetings in the nature of town meetings on these matters.

Ms. Ringer noted the breadth of the task at hand, more crowded for her in view of personal involvement in planning for work on an important conference on the Electronic Information Superhighway, to be hosted here by Vice President Gore and Dr. Billington in mid-July. Ms. Ringer then suggested the concept of breaking up the Committee into working groups, since a twenty-member panel is a rather large working unit.

Co-Chair Robert Wedgeworth described his viewpoint of the work before the group, as President of the International Federation of Library Associations (IFLA), an umbrella group representing associations in over 130 countries. He asked the Committee to consider the impact of the legislative proposal on the Library's acquisitions and materials for use by scholars. While mandatory deposit provides direct benefits to the Library, it also provides secondary benefits to other libraries, and it allows the Library to act as a library of last resort for recording the existence of cultural works. It also disseminates some of these works to other libraries to increase the corpus of cultural

materials in North America. He recounted his experience with the omnibus revision of the copyright law in 1976 and the Berne Convention Implementation Act of 1988, and the interests of libraries in those bills. He said that the library community has no particular resistance to the 1993 bill, but it has a lot of questions.

The members and staff introduced themselves. The staff consists of Lewis Flacks, Eric Schwartz, Gayle Harris, Charlotte Douglass and Retta Terry. Ms. Ringer announced that Lewis Flacks was resigning from the Copyright Office after 26 years to join the International Federation of Producers of Phonograms and Videograms (IFPI), as Deputy Director General. Jeannette Pierce, a student in Library and Information Science at the University of Illinois, was introduced as an assistant to Mr. Wedgeworth.

Overview of the Copyright Reform Act

Mr. Flacks gave an overview of the proposed Copyright Reform Act of 1993, H.R. 897 and S. 373, its companion bill. Representatives Hughes and Frank introduced the bill in the House on February 16, 1993. Shortly thereafter, on March 3 and 4, the House Subcommittee held hearings with testimony in favor of provisions of the legislation from computer program copyright owners, visual artists, photographers, and newsletter publishers. The Librarian and the Register of Copyrights testified in opposition to several provisions in the bill.

The Reform Act proposes changes to Chapter 4 of the copyright statute, by eliminating certain incentives for copyright registration. H.R. 897 (1) eliminates the registration prerequisite to filing an infringement suit (for all works now subject to this requirement, namely, domestic works and non-Berne foreign works); (2) eliminates the requirement of registration before infringement in order to obtain attorney's fees and statutory damages; and (3) eliminates the necessity of registration as a precondition for a recordation in the Copyright Office to give constructive notice.

Other provisions of the bill would: (1) eliminate the Copyright Royalty Tribunal -- moving its functions into the Copyright Office and providing for ad hoc arbitration panels for dispute resolution. The Register of Copyrights would appoint arbitration members, and adopt or reject arbitration panel decisions, subject to judicial review; (2) create a

Register of Copyrights appointed by the President effective January 1, 1994 (unclear would be the status of the copyright staff appointed by the Librarian); and (4) overturn the National Peregrine case, so that a security interest could be recorded either with a state office or the Copyright Office.

Procedure and Organization

Eric Schwartz observed that the issues can be organized into four major areas, which can be addressed in turn by four working groups of Committee members. Their work could be supplemented by subgroups from within the Library and the Copyright Office. Committee members were requested to direct their work requests in this connection through the staff. In addition to the availability of the Copyright Office staff and departments of the Library of Congress, such as the Law Library and the Collections Development Section, it is hoped that legal interns and law students who are assigned to members will be able to provide background studies and other data.

It was noted that Phase Two may see a different group of members working on other issues, possibly including the Copyright Royalty Tribunal.

There will be four meetings in Phase 1, each of two-day duration, with roughly one meeting per month through the month of September. To preserve the record, plenary sessions will be taped, but no formal transcript will be distributed. Summaries of the plenary sessions will be prepared and sent to members and other interested parties. It was proposed that the deliberations of Working Groups not be taped, but that each group have a rapporteur to report on their deliberations to the larger group.

Attendance at the plenary sessions is open, to the extent space permits, but it is not expected that observers will participate in these discussions. To speed their discussions and to gain the broadest possible participation, the Working Groups are encouraged to solicit comments in writing. Informality and decision by consensus should be the rule, and it is not expected that members will be polled or will vote. In the interest of providing the Librarian with as much information as possible on which to base his recommendations to Congress, members with dissenting views would have an opportunity to present their views to the Librarian.

In order for the Librarian to report to Congress by mid-September, it was agreed that Phase 1

of the Committee's work would have to be provided to the Librarian around September 1, with an August target date for delivery of working group reports. One member remarked that in view of the ten-week timeline, some narrowing of scope was necessary in order to deliver a responsible product.

The discussion then turned, preliminarily, to how the work should be organized. To begin with, one member noted that it was useful to articulate broad questions; for example, to what degree are deposits relied upon by the Library of Congress for its collections? Another member suggested that we classify and rank in priority order the tasks to be accomplished, perhaps organized in a functional way along section lines, and that those issues that we have clear ideas about should be separated from those on which we do not.

Other initial ideas were to provide historical background and context in the course of establishing the need for change. We would need to bear in mind, of course, the overall purpose and mission of our efforts. It was suggested that we should also focus on the utility of the registration system to the courts, looking at the way the courts have used registration records, as well as the frequency with which courts entertain defenses of fraud on the Copyright Office.

It was announced that interested members are invited to attend as observers the symposium on the electronic information superhighway entitled "Delivering Electronic Information in a Knowledge-Based Democracy", sponsored by the Vice President and the Librarian for business and government leaders. This meeting will be held on July 14 in the Mumford Room.

Value of Library Collections and Impact of Section 412

On the first afternoon, Gayle Harris and Lewis Flacks coordinated a demonstration of certain special collections within the Library of Congress, including photographs, maps, music, and motion pictures. Most members were willing to stipulate to the value of the Library's collections. Another member, however, asserted that the demonstration was not helpful because the particular registration incentives at issue did not exist under the 1909 Act. He stated that focusing on the collections was inappropriate inasmuch as it tended to detract from the committee's mission of developing

alternatives to the current registration incentives in the copyright statute.

A further discussion ensued on the pre-1978 law, particularly how the *Washingtonian* case became a disincentive to timely registration, in effect interpreting the statutory requirement of "prompt" registration to mean registration within 28 years. The 1976 Act changed the situation presented by the *Washingtonian* decision.

The new act created other benefits and considerations for making registrations. More importantly, the drafters of the 1976 Act intended to move the United States toward adherence to the Berne Convention. In the course of this, an effort was made toward eliminating the formalities of registration, recordation and notice. Although there was no consensus as to whether new registration incentives were preferable to those offered in the 1909 Act, it was noted that the number of registrations had indeed increased.

The Committee assessed the general impact of Section 412. One member observed that while there was nothing inherent about section 412 that induced registration, the registration incentives operated as a package; as it stands today, it makes sense to register. Another member noted the difficulty of considering the elimination of these inducements to register in a vacuum without comparing their utility vis-a-vis other inducements. Many members agreed with the assertion that Section 412 operated to keep a lot of copyright claimants out of court, and that it prevents small authors from litigating legitimate copyright grievances because statutory damages and attorney's fees are denied them unless they have first registered their claim or attempted to do so. Those representing that view challenged those supporting section 412 as seeking to protect large institutional clients who, as defendants in infringement suits, seek to deflect suits by denying effective remedies to infringed parties. A member closed out this round of discussion on the merits of section 412 by noting that we live in a world today where everything is copyrighted and that serious researchers use great varieties of these materials, so assessments have to be made as to risks and nonrisks. The member urged that we can decide that as long as other meaningful remedies are available, there is a public policy in favor of 412 by requiring people entitled to them to at least make a public record.

Regarding the international impact of Section 412, another member questioned whether section

412 violated the Berne Convention by denying effective remedies to foreign authors. On the one hand, it was suggested that the unavailability of extraordinary remedies does not violate Berne because conventional remedies are available to all parties. The argument that Section 412 does constitute a barrier to the vindication of rights was supported by the fact that the absence of these remedies is likely to be more keenly felt by foreigners, creating a de facto violation of Berne.

A request was made for each member to disclose what clients, if any, the member was representing in the proceedings. Co-Chair Wedgeworth stated that each member should be prepared to make such a disclosure statement to the Committee. Co-Chair Ringer restated that the objective was to adduce solid facts, not opinion, and to test the assumptions made by various interested parties on registration and deposit issues.

By the end of the second day, members had time to review the proposed work programs prepared by the ACCORD staff. Certain members were commissioned to prepare draft working papers on key issues. Two groups were assigned to prepare papers on the provisions of section 412, registration and deposit as prerequisites to recovery of statutory damages and attorney's fees (Draft Work Program B). Jon Baumgarten (Chair) and Peter Jaszi are writing a paper on the merits of the current section 412. Art Levine (Chair) and Charles Ossola are writing a paper on the reasons why section 412 should be repealed.

Paul Goldstein is preparing a paper on section 411(a), registration as a prerequisite to the commencement of an infringement action (Draft Work Program A, para. 6).

Robert Oakley (Chair), Hasia Diner and Alan Fern are preparing a paper on section 407, mandatory deposit for the Library of Congress (Draft Work Program C, para. 2 and 3).

Survey Methodology

A recurring topic of the meeting dealt with proposed factual surveys and the methodology to be employed. The Committee asked several questions in coming to grips with providing Congress factual answers on H.R. 897. Does this represent a logical step in the process of U.S. adjustment to the Berne Convention? Do U.S. nationals suffer dis-

abilities in the marketplace? Are foreign authors discriminated against when they have not registered before infringement?

The following proposals emerged from ACCORD discussions on June 11.

1. Provide background and evidence of experience: describe what existed before 407, 411, 412 and explain what was wrong with the previous system.
2. Begin with Work Programs B, C and D. Consider systematically the kinds of questions that need to be asked: What are the concerns? Are they legitimate? Look at each of the provisions and its impact—407, 411(a), 412. What are the costs and benefits, private and social? What are their strengths and weaknesses?
3. Highlight the rationale and purposes.
4. Determine what information or studies are requested from the Library and Copyright Office staff.
5. Come to consensus on some things and proceed toward implementation. Continue with research and writing.
6. Determine, if possible, whether 412 is a significant motivator of deposits. Broader still, what makes people register?
7. Inquire into the future: The Library's mission, the needs of LC users, and the way in which those needs are being met for the future; including what it needs in the way of new media, new information formats and the relationship of those needs to copyright.
8. Conduct a survey that tests assumptions about motives to register: (a) start with a sample group, suggest some possibilities and see if patterns emerge (for instance, ask prominent authors and institutional entities who do not register why they choose not to); and (b) develop an inquiry instrument. If no formal survey can be completed in time for September deadline, conduct a short sample, to be supplemented by a fuller survey at a later date. Some care must be taken to develop an appropriate survey instrument. One member suggested that the survey not be limited to Section 412, but that it refer to all relevant sections of the statute to broaden our information base about registration and deposit. An-

other member was firmly opposed to conducting such a broad study.

Agenda Items and Next Meeting

In addition to discussion of the papers on sections 407, 411, and 412, a discussion of alternatives to Section 412, Work Program D, would be placed on the July agenda. The next meeting was fixed for 9:30 a.m. July 12 and 13 in Dining Room A and the West Dining Room, on the 6th floor of the Madison Building.

Works In Progress

The following is being prepared by ACCORD members, staff, or assistants:

1. An annotated bibliography on copyright registration and deposit.
2. A legislative history of sections 411(a) and 412.
3. An analysis of the Supreme Court's *Washingtonian* decision (1939) and its impact on copyright registration and deposit practices.

4. A study of U.S. case law and commentary on damages, especially the awarding of profits in copyright infringement cases under the 1909 and 1978 Acts.
5. A study of U.S. case law and commentary on attorneys fees including an examination of all federal statutes that provide for attorneys fees.
6. A study of cases where mandatory deposit by the Library of Congress has been resisted, and activities and practices of the Library's acquisitions division.
7. A study of Library of Congress registration statistics—who registers and why.
8. A study of U.S. case law regarding the copyright records—what the cases reveal about the Copyright Office records.
9. A study of U.S. case law regarding recordation—how it operates in relation to registration, and how *Peregrine* and H.R. 897 might impact current registration and recordation systems.

Agenda

THE LIBRARY OF CONGRESS
ADVISORY COMMITTEE
ON COPYRIGHT REGISTRATION AND DEPOSIT (ACCORD)

SECOND MEETING
JULY 12-13, 1993

James Madison Memorial Building - (July 12) Dining Room A, 6th Floor;
(July 13) West Dining Room, 6th Floor

Monday, July 12 Dining Room A, 6th Floor

9:00 a.m. Coffee

9:30 a.m. Opening remarks: Barbara Ringer and Robert Wedgeworth,
Co-Chairs
•Vice President Gore Symposium

9:45 a.m. Introduction of documents and up-date on work programs
(Eric Schwartz)

10:00 a.m. Minutes of June Meeting (Charlotte Douglass);
Legislative history of sections 411(a) and 412 (Barbara Ringer);
Mandatory Deposit Draft Work Paper #7 (Jeanette Pierce)

10:30 a.m. Discussion of sec. 411(a) Draft Work Paper #2

12 noon Lunch (Montpelier Room)

1:00 p.m. Discussion of sec. 412 Draft Work Papers #3 and #4

3:00 p.m. Tour of Copyright Office Registration Collections (Landover)

Tuesday, July 13 West Dining Room, 6th Floor

9:00 a.m. Coffee

9:30 a.m. Discussion of Work Program D—Alternative Incentives to
Registration

12 noon Lunch (free time)

1:30 p.m. Continuation of discussion on Alternative Incentives to
Registration

3:30 p.m. Concluding discussion—future work assignments



Summary

OF THE FOURTH MEETING OF ACCORD
SEPTEMBER 1-2, 1993

JAMES MADISON MEMORIAL BUILDING
LIBRARY OF CONGRESS

Present: Barbara Ringer, Robert Wedgeworth, Jon Baumarten, Hasia Diner, Raya Drebin, Morton Goldberg, Paul Goldstein, Peter Jaszi, Fred Koenigsberg, Charles Ossola, Maria Pallante, Shira Perlmutter, Stanley Rothenberg, Bernard Sorkin, and ACCORD Staff Charlotte Douglass, Gayle Harris, Jeannette Pierce, Retta Terry, and Eric Schwartz.

I. Opening Remarks.

The second plenary session of ACCORD was called to order by Robert Wedgeworth, noting that he would chair the first day and Ms. Ringer the second day. He welcomed new members Shira Perlmutter, Professor of Law at Catholic University, and Maria Pallante, Executive Director, National Writers Union, and announced Irwin Karp's resignation from ACCORD. Wedgeworth reiterated his request for a letter from each member voluntarily disclosing any clients or associations represented during ACCORD proceedings.

He described the objectives of the group—stating that the intention is to review and analyze, as comprehensively as time and resources permit, the questions that were presented by the Librarian of Congress. ACCORD seeks to report to the Librarian with appropriate recommendations in such a way as to adequately prepare him to address (by September 15), the proposed Copyright Reform Act legislation. This would include presentation of all issues and policy considerations necessary to enable him to effectively make his own recommendations to Congress.

II. Introduction of Documents, Update on Work Programs, and Legislative History.

Eric Schwartz introduced the documents distributed to the members, and summarized the materials still being prepared. Nine working papers, including the key-note paper on alternatives to section 412, and a legislative history of registration and deposit were distributed to ACCORD members. All papers were dated, numbered and labeled as draft working documents of ACCORD (with the possibility that later revisions will be prepared). They were distributed to ACCORD members, appropriate congressional staff and the general public. Additional papers in progress include: a memoranda on the *Washingtonian* decision (Howard Chang); the use of copyright records in case law (Fred Koenigsberg); an annotated bibliography (Charlotte Douglass); and two major statistical surveys—one probably to be completed during Phase II (after September 15).

[At the conclusion of the July meeting, additional papers were proposed for the

August meeting, including: a paper on mandatory deposit; a continuation of the paper on federal statutes providing attorneys fees; a paper on case law and commentary on the awarding of statutory damages; a paper on tax law and the deposit of materials with the Library of Congress; and, a paper on the current Customs Office policies with regard to copyright registrations.]

Barbara Ringer described her legislative history of registration and deposit, prepared for ACCORD members in two parts. The first summarizes the history of the relevant sections of the copyright law up to 1955, beginning with the Statute of Anne's registration, statutory damage and deposit (nine copies) provisions. The second part, reproduces the studies and hearings that led to the registration and deposit provisions in the 1976 Act. Ms. Ringer suggested that ACCORD members read in particular Copyright Office Study No. 17, entitled "The Registration of Copyright," by Professor Kaplan and Study No. 20, entitled "Deposit of Copyrighted Works," by Elizabeth Dunne. Following these studies, she reproduced relevant parts of the legislative history from the 1961 Register's Report up to 1965, noting that by that time in the revision process the language of the present provisions was essentially set.

She then discussed various theories for the development of Anglo-American copyright law and our registration system, including American's piratical beginnings, and the theory that the deposit requirement may have developed in England because the British Colonies were geographically dispersed and the Crown wanted to collect a comprehensive record of its cultural diversity.

Jeannette Pierce gave an overview of her "General Summary of Copyright and Deposit Regulations in Various Countries," Working Paper No. 7. The paper she presented organizes and collates materials submitted by staff of the Library of Congress Law Library, supplementing this information with personal research from other sources. Pierce observed that many countries have deposit laws that are separate and apart from copyright laws and that the penalties for noncompliance often take the form of a fine. Her work is to be augmented by information received from formal inquiry to particular national libraries on their experience with compliance, and any relationship between legal deposit and copyright protection in those countries.

III. Discussion of 411(a), Draft Working Paper #2.

A. *The Case Against 411(a)*

In highlighting and describing the key points of his paper, Paul Goldstein prefaced his remarks by saying that the paper may read more crisply than he would like; that is, that there may be more nuance, particularly in the area of policy where consumer welfare is adopted as a precept, than is reflected in the paper.

Goldstein began by looking at Benjamin Kaplan's study on registration. His conclusion was quite different from Ringer's use of that study: that there is no logical connection between the requirement to register and filing a lawsuit. Rather, the need to provide an incentive to register and the need to carry out a policing function for the courts are indirectly connected. He said that the screening role made more sense under the 1909 Act than it does under the 1976 Act, especially in the post-Berne era, with the abolition of the notice formality and because of the shrinkage in the number of categories of works automatically excluded from copyright.

He then discussed the pros and cons of Section 411(a). On the "good" side, he noted that it promotes complete Copyright Office records. The Library receives works through section 411(a) and it is an incentive to register.

However, when Goldstein compared the number of works registered in 1991 to the number of lawsuits brought in that year, he concluded that less than one quarter of one percent of registrations could be attributed to the incentive of section 411(a). The actual ratio is even smaller because some works were probably registered well before suit. On the whole, he said there are much larger incentives elsewhere in the law.

Even on those matters where the Copyright Office does apply its expertise, for example, copyrightability of pictorial, graphic and sculptural works, it is unclear how the Office's expertise had resulted in any clarity of doctrine in case law. He said that in this area of the law there is a wide difference among the courts.

If a purpose of section 411(a) was to dissuade authors and their representatives from asserting frivolous claims there are other more severe disincentives, for example, the prospect of Federal Rule 11 sanctions or of having to pay attorney's fees,

which are stronger deterrents.

He said that on balance section 411(a) is not justified. Early relief is a key in copyright cases (injunctive relief). The registration system, even when expedited is not sufficient. Also, he cited the number of situations where the courts accept a claim without a certificate—for example, non-U.S. Berne works and works submitted but denied registration.

He cited further the costs of registration in cases where entire libraries and catalogs are in danger of infringement, and the demoralizing effect of two-tier registration upon U.S. nationals.

He continued by citing "the real problem" — that the Copyright examination process is too rigorous. He asserted that the examination process of the Copyright Office should be more like a "title" registration. He said the current nature of the examination process with its delay, its cost, and a "Patent Office mentality" of resolving doubtful claims against applicants, had raised many objections by many copyright owners against the Copyright Office.

He concluded that copyright examination is a fact of life, but that registration *before* vindicating a claim in court is without justification.

B. In Defense of 411(a)

Peter Jaszi delivered a defense of 411(a). He stated that he was not prepared to discount entirely the value of screening by an agency with significant accumulated expertise. He disagreed with some of Goldstein's premises.

Jaszi acknowledged that administrative screening was not as important as it formerly was, but said that not all of the categorical questions have vanished. In addition, new questions arise, such as those brought out in *Feist*, regarding creativity in compilations.

While he agreed that one of the areas, useful articles, is in disarray, he suggested that over the years, had it not been for the prophylactic effect of the Copyright Office, the class of stuff protected as useful articles would be a good deal larger. For better or worse he said, the law of useful articles restricts copyrightability and that this has traditionally been part of our law. He asserted that empirically, it is difficult to say that the perceived patent-like behavior of the Copyright Office has tarnished the public perception of the system. But he said he was not prepared to say that there is no advantage

of having an expert agency examine works about to be injected into litigation.

IV. Discussion of Section 412

A. Considerations Favoring the Repeal of Section 412.

Arthur Levine and Charles Ossola presented Working Paper No. 3. Their paper noted that Section 412 "had a profoundly adverse effect on the ability of individual authors and small copyright owners to protect their copyrights," in that it denied entitlement to statutory damages and attorney's fees to many copyright owners who prevail in infringement actions. Enforcement for these copyright owners, they state, is "not economically feasible, and infringers can continue their illegal activity with impunity."

They cited two classes of persons who did not have to satisfy the condition precedent of registration before infringement to be entitled to these two remedies: 1) copyright owners of moral rights, pursuant to the Visual Artists Rights Act of 1990; and 2) copyright owners of live transmission fixed simultaneously with their transmission.

The paper notes four main reasons 412 should be repealed:

1. Section 412 deprives individual authors and small copyright of the remedies needed to protect their copyrights.
2. Most individual authors and small copyright owners know nothing about section 412, and find out about its requirements only when it is too late.
3. The publishers' threat to stop registering their works if section 412 is repealed confirms that attorney's fees and statutory damages are indispensable.
4. Proponents of section 412 seek to evade liability and damages for infringements.

B. Why Section 412 Should Be Retained.

Working Papers 4a and 4b supported the retention of Section 412. Jon Baumgarten and Peter Jaszi noted that history confers a presumption of legitimacy and reasonableness on section 412 that should not be lightly or hastily cast aside. Section 412, they asserted, is a powerful working inducement

ment to copyright registration and to deposit of works with the Library, because the deposit copies create a substantial intellectual-cultural-entertainment archive and a centralized resource for researchers' access. The registration record provides a valuable database available to large and small participants in the copyright marketplace.

Section 412, they said, strikes a necessary balance in relation to the inhibitory potential of copyright infringement claims on the creation, publication and other dissemination of works.

Not all remedies are conditioned on timely registration. For example, injunctions and actual damages or profits are unaffected by Section 412. Since statutory damages are extraordinary, one should have to do something extra to receive them.

Lastly, they asserted that elimination of Section 412 will increase copyright contention, opening authors and entrepreneurs to expanded vulnerability and litigation.

Professor Jaszi, in a separate memorandum, expressed concern for the "respectable user" and the part that such user plays in litigating justiciable claims. In American copyright law, copyright holders are supposed to mark off their claims in some way. With notice and registration requirements eliminated, lines of demarcation become more vague. Plaintiffs may mark off expansively because practically every form of expression is someone's work of authorship. Because the balance in court is skewed in plaintiff's favor, they are encouraged to litigate at defendant's expense. He concludes that repeal of Section 412 may have a chilling effect on defendants who wish to litigate meritorious defenses, an occurrence that would be detrimental to the preservation of balance between proprietors' and users' interests in our copyright system.

V. Interim Discussion on Mandatory Deposit

Full discussion of mandatory deposit and Section 407 was deferred until the next meeting, when Charles Oakley, chair of the subcommittee on Section 407, and author of Working Paper No. 1, entitled "Mandatory Deposit: For The Benefit of the Congress and the Nation," would be in attendance. In the interim, Wedgeworth summarized the paper and noted the need for further studies regarding mandatory deposit. He urged members to keep in mind the dual objectives of maintaining the

Library's collections and building the copyright database as they develop alternatives to Section 412.

VI. Discussion of Working Paper No. 9, Possible Alternative Incentives for Registration and Deposit

Barbara Ringer presided over the keynote discussion of alternative proposals to the registration prerequisite to attorney's fees and statutory damages, working through Working Paper No. 9, "Possible Alternative Incentives For Registration and Deposit."

That paper first enumerated current statutory inducements which could be strengthened, *viz.*, 1) recordation of transfers; 2) presumptions as to author's death; 3) mandatory deposit; 4) copyright registration generally; 5) prima facie evidence; 6) impounding and disposition; 7) actual damages and profits; 8) statutory damages; 9) attorney's fees and costs; 10) criminal penalties; 11) statute of limitations; and 11) infringing importation.

New incentives were listed in the second part of the paper. The final section suggested options for amending the existing sections 411(a) and 412.

The discussion initially considered each of the incentives individually, then in groups.

A. Fee-Based Incentives

Examples:

1. Reduce the fee for individual copyright owners, but make work for hire registrations more expensive.
2. Eliminate the fee for certain categories.
3. Give tax credits for the value of deposits submitted.
4. Give rebates for registration at the end of the year which can be used for future registrations without charge.
5. Maintain deposits for the full term of copyright

Pro: Lower fees could reach a new category of applicants -- potentially to bring into the system people who do not now register.

Con: The Library of Congress is experiencing cut-backs and funding problems in several areas, and it is unrealistic to expect Congress to appropriate funds for activities that now bring revenue to the Treasury.

In addition, administering new fee systems tends to be labor-intensive and thus costly, especially in the short run. Also, the appropriations process may open the funding to political considerations.

B. Litigation-Based Incentives

Examples:

1. Mandatory award of attorney's fees for prevailing plaintiffs.
2. Open losing plaintiffs to English rule (the possibility of paying prevailing defendants' attorney's fees) when plaintiffs do not register.
3. Award plaintiff costs and expenses if timely registration occurs.
4. Award prevailing plaintiffs full recovery of attorney's fees.
5. Link enhanced damages to willful infringement.
6. Give courts discretion to require registration.

Pro: Litigation-based incentives have proven powerful incentives.

Con: Mandatory awards could be grossly inequitable to some defendants in particular circumstances. (Alternative proposed: in special cases, include exceptions). In addition, the system already taxes defendant in an unfair way to encourage litigation. Finally, plaintiffs of modest means may find the English rule onerous.

C. Incentives Based on Patent and Trademark Analogies

Examples:

1. Give rights in titles.
2. Make registrations incontestable after a time, e.g., five years.
3. Provide for Copyright Office reexamination of claims.

Con: No. 3 may be used as a delaying tactic.

D. Incentives Based on Extensions of Statutory Time

Examples:

1. Eliminate the pseudonymous-anonymous pre-

sumptions that the author is dead after 75/100 years.

2. Add a term of public domain payant, with copyright owner sharing royalties with National Endowment or some other cultural institution (as proposed in a bill by Senator Dodd).

3. Extend the statute of limitations to six years if registered within 3 months. This concept was broadened to a general suggestion that to ensure timely acquisition of materials for the Library, the group should build a system that provides incentives for prompt registration.

Pro: If tied to timely registration, the Library will get material when it is most useful to patrons.

Con: If one group is prejudiced by losing their day in court, why should another group be prejudiced by losing an extension of term. In addition, there are possible Berne violations and the statute of limitations could be tolled by the discovery rule (and few cases turn on the statute of limitations). Finally, termination-of-transfer type problems will arise.

E. Incentives Based on Changes in Administrative Practices.

1. Liberalize group registration.
2. Two-tier registration. Namely, greatly simplify registration for first tier, where registrant does not supply copy unless Library determines that it wants the work, and registration fee is low or no cost. The second tier would be very similar or the same as current registration system.
3. Expand the instances where identifying material may be submitted instead of a copy, at least initially.
4. Enter bibliographic information on works in an online database, such as the Library of Congress's online services (LOCIS), giving the entries covering registered works more prominence than that given to unregistered works.
5. Combine registration with cataloging in publication (CIP) procedures.

Pro: It may encourage prompt registration; it would relieve financial hardship; authors want to have their works entered into a national li-

brary database; and it can simplify procedures.

Con: It may make administration more complex; identifying material and CIP proof sheets do not deliver the kind of copy the Library ultimately wants for its collections.

In connection with a discussion on the relative power of incentives, one member suggested that the stronger the incentive the more it operates as a penalty; and conversely, the weaker the incentive the less likely it is to induce the desired behavior. Thus it was suggested that ACCORD should avoid new disincentives to registration unless they are balanced with equally powerful incentives to register.

As a fact-finding adjunct to ACCORD, another member suggested use of focus group techniques to investigate two interest groups—those who register and those who don't, to find out why (and why not) and what it would take to induce registration.

Many members agreed that a major flaw of

section 412 that should be remedied is that it operates as a trap for the unwary. One member suggested that professional organizations could institute an education campaign to inform copyright owners of copyright registration procedures, to prevent traps via any new incentives. Many agreed that a major effort should be aimed at distinguishing between carrot-type incentives and stick-type incentives—and to keep to the former type.

VII. Conclusion

At the end of the session, Ringer urged members to propose and distribute additional incentives to the other members of ACCORD. It was agreed that the next meeting would address the methodology of the report to the Librarian and his report to Congress.

The next plenary meeting will be held August 16 and 17 in the Librarian's Conference Room and the West Dining Room, respectively. The meeting adjourned at 3:45 p.m. on July 13, 1993.

Agenda

THE LIBRARY OF CONGRESS
ADVISORY COMMITTEE
ON COPYRIGHT REGISTRATION AND DEPOSIT (ACCORD)

THIRD MEETING
AUGUST 16-17, 1993

James Madison Memorial Building - (August 16) Librarian's Conference Room,
LM-608, 6th Floor;
(August 17) West Dining Room, 6th Floor.

Monday, August 16 Librarian's Conference Room, LM 608, 6th Floor

- 9:00 a.m. Coffee
- 9:30 a.m. Opening remarks: Barbara Ringer and Robert Wedgeworth,
Co-Chairs
- 9:45 a.m. Introduction of documents and up-date on work programs
(Eric Schwartz)
- 10:00 a.m. Minutes of July Meeting (Charlotte Douglass)
- 10:15 a.m. Discussion of mandatory deposit papers
 - 1) Introduction by Bob Wedgeworth
 - 2) Working Paper #1: Bob Oakley
 - 3) Working Paper #12: Paul Goldstein
 - 4) Working Paper #11: Barbara Ringer
- 12 noon Lunch (Montpelier Room)
- 1:00 p.m. Continuation of discussion of mandatory deposit
- 2:00 p.m. Discussion of alternative incentives to registration

Tuesday, August 17 West Dining Room, 6th Floor

- 9:00 a.m. Coffee
- 9:30 a.m. Continuation of discussion of alternative incentives to
registration
- 12 noon Lunch (free time)
- 1:30 p.m. Continuation of discussion of future methodology

Summary

OF THE THIRD MEETING OF ACCORD
AUGUST 16-17, 1993

JAMES MADISON MEMORIAL BUILDING
LIBRARY OF CONGRESS

Present: Barbara Ringer, Robert Wedgeworth, Jon Baumgarten, Hasia Diner, Raya Dreben, Alan Fern, Jane Ginsburg, Morton David Goldberg, Paul Goldstein, Peter Jaszi, Arthur Levine, Robin Davis Miller, Robert Oakley, Charles Ossola, Maria Pallante, Shira Perlmutter, Stanley Rothenberg, Emery Simon, Bernard Sorkin, and ACCORD Staff Charlotte Douglass, Gayle Harris, Retta Terry, and Eric Schwartz.

Absent: Fred Koenigsberg and Jean Preer.

I. Preliminary Announcements

Ms. Ringer announced that Ralph Oman planned to step down as Register of Copyrights effective January 8, 1994; he will remain responsible for international affairs until that time. Mary Levering, Executive Director of the Federal Library and Information Center Committee (FLICC) in the Library will be detailed to the Copyright Office and will be responsible for the operation of the office. She was introduced to the members of ACCORD by Ms. Ringer.

Ms. Levering thanked the committee for its efforts and pledged to work with ACCORD. Ms. Robin Miller was welcomed as a new ACCORD member, representing the Authors Guild.

Eric Schwartz presented an overview of the additional working papers presented to ACCORD, including: Working Paper No. 5a, by new ACCORD staff member Henry Cohen of the Congressional Research Service, and Working Paper No. 5b, a supplement to Cathy Donegan's paper (No. 5) on federal statutory provisions for attorney's fees, and the application of attorney's fees in copyright cases under current law; Working Paper No. 10, by Fred Koenigsberg and Nanette Stasko, discussing court uses of registration records; Working Paper No. 11, on the operation of the mandatory deposit system, by Barbara Ringer and Eric Schwartz; Working Paper No. 11(a), comments from Copyright Office officials on Paper No. 11; Working Paper No. 12, by Paul Goldstein, discussing a legal and constitutional rationale for mandatory deposit; Working Paper No. 13, by Emery Simon, on current Customs Office policy and practice regarding copyright registration; Working Paper No. 14 by Mark Traphagen, awards of statutory damages under section 504 of the Copyright Act; and Working Paper No. 15 by Marie Morris, charitable contributions to the Library of Congress (and recent changes in gift and tax law); Working Paper No. 16, by Arthur Levine and Charles Ossola concerning their proposal for enhanced damages for registered works and the meeting of the ACCORD subcommittee on this topic; and Working Paper No. 16(a), an additional comments from Jon Baumgarten on Paper No. 16.

II. Mandatory Deposit

Mandatory Deposit: For the Benefit of Congress And The Nation (Working Paper No. 1) was delivered by Professor Robert Oakley, the first of three working papers related to legal deposit. Professor Oakley's report, postponed because of his absence from the July meeting, made four major points:

1. Mandatory deposit is widely accepted throughout the world and has been part of U.S. copyright law from the beginning;
2. The deposit requirement is needed to establish a record of the work under the control of a neutral party;
3. Mandatory deposit is essential for the Library of Congress to continue to develop a comprehensive collection of the American intellectual heritage for Congress and the nation;
4. The fact that some parts of the creative community have found deposit requirements burdensome is not sufficient reason to eliminate Section 407. Instead, he suggested that the committee focus on the deposit requirement difficulties of particular groups.

In Working Paper No. 12, Professor Paul Goldstein noted that one formal reasoning for the deposit requirement emanated from the copyright clause itself. The substantive case for deposit follows the "dwarf standing on the shoulders of giants" rationale. That is, copyright law is premised on the assumption that authors will build on the works of previous authors. Hence, the copyright system presupposes that works will be available in depositories where authors may read and reflect upon them. Deposit may thus be imposed under this rationale, as a condition of authorship.

Success depends on the administrative concerns of the depository. However, he warned that to increase the penalties for noncompliance would weaken its legal standing (as an unfair tax on the operations of a particular industry). Second, certain works, such as works of visual art, would be especially burdened by deposit and should be considered for special exemptions to the deposit requirement. Third, that deposit in digital form needs to be explored. Fourth, the relationship of deposit-examination-registration must be further considered, including a consideration of whether to rest

any of the rationale for deposit on the copyright examination-registration system.

In Working Paper No. 11, *Comments and Suggestions Concerning a System of Legal Deposit*, Ms. Ringer indicated that she explored two questions, the constitutional basis for mandatory deposit under the present law and methods to improve the system's efficiency. Acknowledging helpful comments to earlier drafts of her paper, including the comments of the Copyright Office staff, she characterized her study as a "break open" paper for discussion purposes.

She said that section 407 was enacted to avoid loss of deposits after the penalty for noncompliance was made less onerous (previously, loss of copyright). It was intended as an adjunct to copyright registration because section 407 alone would not supply the Library's needs. Unpublished material and special collections are not subject to mandatory deposit, but are extremely valuable to the Library. Nevertheless, even for published works, mandatory deposit has not been fully exploited.

Of the three constitutional questions, Ringer noted, two were fairly well settled by the *Ladd v. Law and Technology Press* case. That case probably settled the First Amendment question, and there is solid footing for mandatory deposit under the necessary-and-proper clause. If section 407 became constitutionally vulnerable following the 1988 amendment, it is because "the requirement that a copyright owner give copies of his work to the Library of Congress is a taking of private property for public use without just compensation and violates the fifth amendment," she quoted from the *Ladd* opinion.

The vulnerability is the voluntary affirmative action taken by a depositor (availing oneself of the benefit of copyright). Can this overcome the takings problem? Prior to Berne, the affirmative act of placing notice on the work was sufficient. Post-Berne, however, the nature of the voluntary affirmative act is at issue.

One suggestion was that the act of publication would be sufficient (ie, the offering for sale or lease). Others suggested that voluntary use of the copyright notice could continue to serve as the affirmative act through which one could show an intent to claim copyright. In looking for a quid pro quo, Ringer proposed strengthening the database of information for deposited works to give authors of these works a valuable government service.

The issue of receiving foreign works was discussed, and whether any Berne incompatibilities or trade retaliation considerations would call for exclusion of these works from mandatory deposit. Some observed that legal deposit does not conflict with Berne, and is in fact found in many Berne countries. Other considerations involving trade retaliations might require some leniency toward foreign depositors, especially for certain classes of works (audiovisual works).

Another legal and policy concern raised was the requirement that an abandonment of copyright is the only way to avoid the deposit requirement. Such a practice is unduly harsh on both domestic and foreign depositors (and may be a Berne-prohibited formality). Many agreed that the Office's deposit practices should accommodate true hardships. One member observed that the Berne Convention is not too restrictive since some Berne countries permit foreign collective administration systems, standardized licensing and mandatory contributions of royalties for cultural purposes.

Ringer concluded, with general assent, that mandatory deposit offered tremendous potential as an asset to the Library's collection resources. A discussion ensued on ways to enhance deposit, specifically:

- 1) Satisfaction of deposit requirements in connection with a first tier (short form) registration, or use of deposit itself to create a database of information.
- 2) Resist any temptation to increase penalties for noncompliance.
- 3) Investigate whether Justice Department responsibility for mandatory deposit lawsuits can be transferred to the Library of Congress. (One issue raised: can the Library institute a criminal suit?)
- 4) Investigate the reason for recalcitrant depositors and institute a vigorous education campaign.
- 5) Decentralize the deposit system -- keeping some functions in the Copyright Office.
- 6) Work out a system of bibliographic data entry, including an on-line component (like Internet) for works deposited or registered.

Associate Librarian Don Curran noted that the price the Library pays for any work is insignificant

compared to labor costs the Library pays to identify and acquire the work, making automatic deposit a great savings to the Library.

III. Alternative Incentives to Copyright Registration

The discussion returned to alternative incentives to voluntary copyright registration, including revisions to section 412. Several members identified themselves as in favor of retention of Section 412, in part due to concerns over the impact to the collections of the Library, and in part due to litigation-based concerns.

The litigation-based concerns focused on increased exposure by defendants to liability for attorney's fees and statutory damages. One member expressed concern that this would be particularly acute in actions concerning fair use. Another member advocated retaining section 412 and implementing numerous administrative and regulatory changes to ameliorate the concerns of those harmed by current registration practices (or alternatively, implementing specific changes in the law to accomplish the same purpose). There was a general agreement that some authors are harmed by section 412 and need relief; but after much debate, there was no consensus on what form that relief should take.

An attempt to forge a middle ground was advocated by some members, and specific language was proposed. A subcommittee was formed to attempt to reach an agreement—either by deleting section 412 and ameliorating its impact, or repealing the provision but inducing voluntary copyright registration in lieu of statutory damages and attorney's fees. One proposal would delete section 412 but create an incentive to register by providing enhanced damages for registered works.

Many alternative incentives were discussed—with varying functions and effects. They were grouped in categories:

A. Fee-Based Incentives

Examples:

1. Reduce the fee for individual copyright owners, and increase the fee for registrations for works made for hire (corporate registrations).
2. Eliminate the fee for certain categories.
3. Provide a tax credit for the value of deposits submitted.

4. Give rebates for registration at the end of the year which can be used for future registrations without charge.
5. Maintain deposits for the full term of copyright without separate storage fees.

One concern discussed with regard to fee-based proposals is that of the added administrative costs of implementing and maintaining separate fee structures. Another consideration is the impact on the Library's budget. A third is the impact on authors of single unpublished works versus multiple works. One proposal that received general consensus was the need to expand group registration practices (with improved deposit systems to better meet the needs of the Library without causing undue harm to authors or copyright owners).

B. Litigation-Based Incentives

Examples:

1. Mandatory award of attorney's fees for prevailing plaintiffs.
2. Open losing plaintiffs to English rule (the possibility of paying prevailing defendants attorney's fees) when plaintiffs do not register.
3. Award plaintiff's costs and expenses if timely registration occurs.
4. Award prevailing plaintiffs full recovery of attorney's fees.
5. Link enhanced damages to willful infringement.
6. Give courts discretion to require registration (as a substitute for section 411(a)).
7. Give courts discretion to award fees when plaintiffs do not register.

At the close of the July meeting, a subcommittee was convened to consider litigation-based incentive proposals. The subcommittee met on August 2, 1993 and focused on one proposal in particular. It would have provided that attorney's fees and costs would be available whether or not the work was registered; timely registration would bring mandatory attorney's fees subject to judicial discretion in extenuating circumstances; in addition an award of costs, including accountant's and court reporters' fees would be provided as part of an

enhanced damages for registered works. The subcommittee reported back to ACCORD at the August meeting.

Another proposal would have awarded attorney's fees to the prevailing party without regard to whether that party was plaintiff or defendant – in order to balance the fairness of the litigation system for plaintiffs and defendants. This alternative received attention but not support; neither did an alternative that advocated eliminating awards for each party.

There was then a discussion recommending additional "shields" for those defending themselves in cases of fair use and for those attempting to avoid frivolous lawsuits. Another proposal would have provided statutory damages for individual works registered as a group as a strong deterrent to blatant piracy.

One member argued that perhaps all litigation-based incentives should be dismissed as inconsistent with our mission. The member argued that if we are trying to induce registration to improve that system, we should not be altering the equities of the litigation system.

C. Incentives Based on Changes in Administrative Practices

There was general agreement that regardless of any other changes proposed administrative practices should be altered to make registration easier for authors and copyright owners to induce additional registrations. The proposals included:

1. Liberalize group registration.
2. Provide for two-tier registration.
3. Expand the instances where identifying material is acceptable in lieu of an actual copy of a work.
4. Enter bibliographic information on works in a national electronic database.
5. Combine registration with cataloging in publication procedures.

There was general agreement that entering bibliographic information about deposited works in a national on-line database would be a strong incentive for authors to register and deposit their works. If designed and administered efficiently, entering records into a publicly available and reliable net-

worked database, such as the National Research and Education Network, could greatly enhance the benefits to authors, researchers and commercial users of copyrighted works.

The committee then discussed a proposed two-tier registration system.

One proposal was to simplify the lower tier (no examination) and to combine it with the entry of data under a mandatory deposit system. There was agreement to pursue at the next meeting a more detailed two-tier system.

Other suggestions relating to registration that received some approval were:

- 1) Simplify the forms and make them more readily available;
- 2) Conduct a broad education program on the benefits of registration.
- 3) Make registration more user-friendly. Do not resolve doubtful claims against remitter.

D. Recordation as an Incentive

1. Retain section 205 as a registration prerequisite for constructive notice and priority of transfers.
2. Defer consideration of amending section 301(b) to reverse the *Peregrine* case.
3. Consider providing other incentives tying registration to recordation.

Several members expressed strong endorsement for recordation-based inducements and its nexus to registration. One member suggested that while recordation incentives might be of special help to certain industries that already use the registration system, e.g., the motion picture and music industries, it was unclear whether changes in recordation requirements would, by themselves, induce registrations.

E. Other Incentives

There was no agreement for other incentives mentioned at prior meetings such as those based on patent and trademark analogies, or those based on extensions of statutory time limits.

Methodology

Eric Schwartz outlined a proposed methodology to complete the Phase I work program. The objective of the ACCORD report is to provide Dr. Billington with information and choices from which he can make recommendations to Congress. A four-part report was proposed, consisting of: an introduction; a chapter on methodology; a chapter discussing the issues before ACCORD (sections 407, 411(a) and 412); and a concluding chapter making recommendations to the Librarian. The report would also include an appendix containing the minutes of the ACCORD proceedings, the working papers, the documentary legislative history and other relevant materials. A subcommittee of eight members was formed to meet on August 29 to discuss a draft conclusions to focus the discussion for the September meeting. After receiving the report from ACCORD, Dr. Billington, will provide his own recommendations to Congress.

One member proposed that the report from ACCORD proceed with the assumption that section 412 would be repealed. Another member, suggested that in fairness to those members in support of retaining section 412, the report should proceed with several options in the report -- assuming section 412 is repealed, retained, and modified, and presenting options for each of these assumptions.

The next plenary meeting was scheduled for September 1-2 in the Librarian's Conference Room, LM-608.

The meeting adjourned at 2:45 p.m. on August 17, 1993.



Agenda

THE LIBRARY OF CONGRESS
ADVISORY COMMITTEE
ON COPYRIGHT REGISTRATION AND DEPOSIT (ACCORD)

FOURTH MEETING
SEPTEMBER 1-2, 1993

James Madison Memorial Building - Librarian's Conference Room,
LM-608, 6th Floor

Wednesday, September 1

- 9:00 a.m. Coffee
- 9:40 a.m. Opening remarks: Barbara Ringer
- 9:45 a.m. Introduction of Draft Report (Parts 1, 2 and 4) and other documents; up-date on work schedule (Eric Schwartz)
- 10:00 a.m. Introduction of ACCORD Draft Report – Part 4: ACCORD's Recommendations to the Librarian (Barbara Ringer)
- 12 noon Lunch (free time)
- 1:00 p.m. Continuation of Discussion of Part 4 of Draft Report: ACCORD's Recommendations

Thursday, September 2

- 9:00 a.m. Coffee
- 9:40 a.m. Continuation of Discussion of Part 4 of Draft Report: ACCORD's Recommendations
- 11:00 a.m. Preliminary Discussion of Parts 1 and 2 of Draft Report
- 12 noon Lunch (free time)
- 1:30 p.m. Discussion of Conclusion of ACCORD Phase I Work Program (Eric Schwartz)
- 2:30 p.m. Discussion of ACCORD Phase II Work Program
Tentative schedule for Phase II meetings:
October 20-21, 1993
December 1-2, 1993
January 12-13, 1994
March 2-3, 1994

ACCORD Work Schedule

- September 1-2: Meeting of ACCORD
Draft Report Parts 1, 2 and 4— distributed
Draft Report Part 3 to be distributed (by fax)
- September 7, Tuesday (COB):
Comments due from ACCORD Members.
- September 9, Thursday (COB):
ACCORD staff to incorporate comments
into final report.
- September 10, Friday: ACCORD Members to receive final report.
- September 13, Monday: Final comments from
ACCORD Members due.
- September 15, Wednesday: Dr. Billington delivers ACCORD Phase I
report to Congress with his final recommendations.
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Summary

OF THE FOURTH MEETING OF ACCORD
SEPTEMBER 1-2, 1993

JAMES MADISON MEMORIAL BUILDING
LIBRARY OF CONGRESS

Present: Barbara Ringer, Bernard Sorkin, Raya Dreben, Charles Ossola, Paul Goldstein, Stanley Rothenberg, Maria Pallante, Alan Fern, Arthur Levine, Emery Simon, Robert Oakley, Peter Jaszi, Robin Davis Miller, Morton Goldberg, Shira Perlmutter, Jon Baumgarten, Hasia Diner, ACCORD Staff Eric Schwartz, Gayle Harris, Henrietta Terry, and Charlotte Douglass.
Absent: Robert Wedgeworth, Jane Ginsburg and Fred Koenigsberg (September 1 only).

I. Preliminary Announcements

Barbara Ringer announced that co-chair Robert Wedgeworth was unavoidably absent due to a chancellor's meeting in Illinois. She said that she and staff director Eric Schwartz would preside. Mr. Wedgeworth will travel to Washington to work on the final report, before its presentation to the Librarian. Ms. Ringer announced that Jean Preer was resigning from ACCORD due to a serious illness in her immediate family. On behalf of ACCORD, the Chairs agreed to convey the best wishes of the committee members to Ms. Preer.

ACCORD members were asked to read and provide comments on the draft minutes prepared for the June, July and August (and September) meetings because these minutes will be included in the appendix to the final report. The staff agreed to provide in the report a statement indicating that the working papers do not necessarily represent the views of the committee, but rather represent the views of their drafters.

Eric Schwartz introduced the Draft Report—Chapters 1, 2 and 4, and Working Paper No. 17, on the *Washingtonian* decision, by Howard Chang, and No. 18, on statutory damages, by Bill Patry. Mr. Patry also provided a list, drawn from cases reprinted in a copyright law reporter (CCH), on the number and types of works subject to litigation during 1989-1990.

Chapters 1, 2, and 4 were distributed for comment. Members were asked to fax comments to the ACCORD staff on Chapters 1 and 2 by September 6. Chapter 4 was presented in the form of statutory language—a rough draft for discussion purposes only. It was used as the focal point for ACCORD's discussions on September 1 and 2.

Mr. Schwartz described the remaining work schedule of ACCORD in order to meet the Phase I reporting deadline of September 15. He said that Chapters 3 and 4, once completed, would be faxed and mailed overnight to each ACCORD member during the week of September 10. The schedule for sending and receiving comments was distributed as part of the agenda. According to the schedule, suggested changes by ACCORD members on chapters 1 through 4 would be incorporated into the report by September 10. Then, the entire report would be resubmitted to ACCORD for final

approval (by September 13). Finally, it would be presented to Dr. Billington for his comments and submission to Congress on September 15. To facilitate wide distribution and open access, ACCORD agreed the report should be printed and distributed by the Government Printing Office after its submission to Congress.

II. Draft Chapter 4: Recommendations of ACCORD

Ms. Ringer introduced a rough draft of the contents of Chapter 4. She explained that this draft was presented in the form of statutory language to facilitate a discussion of issues and to highlight proposed changes in current law, but that ACCORD would have to decide whether its final recommendations would take this form or a narrative form.

A. Mandatory Deposit for the Library of Congress

Ms. Ringer began the discussion of Chapter 4 by describing a proposal to strengthen the current system of mandatory deposit. In order to highlight the importance of these provisions and separate their purpose from that of copyright registration, she proposed the creation of a new Chapter 11 in title 17 instead of the current section 407.

She proposed that the new expanded mandatory deposit would include published works and works publicly disseminated by any means. This would broaden the reach of the Library to works disseminated, but not technically published—for example, transmission programs and online databases. Some members, while supportive of the Library's desire to obtain these works, were concerned that the proposal is too broad in the scope of works affected, and in the possible uses the Library might make of them once available. Several alternative proposals were made. One would broaden the scope to works "made available" to the public,—which would cover cases where physical copies of the work never existed—but others argued that this might go beyond any constitutional mandate for mandatory deposit.

Marybeth Peters described the Library's interest in obtaining online databases. She said that because no hard copies are distributed (published) it is difficult to acquire commercial online databases, so an expanded mandatory deposit for these works

would be in the Library's interest so long as negotiated agreements could be worked out to the satisfaction of the copyright owners regarding the subsequent use of these materials. She said that, at a minimum, the Library should have the ability to acquire such works, and that later regulations could limit the scope of this statutory right. At least one member cautioned against moving too hastily in this area and several members suggested that specific proposals regarding online databases and electronic deposit and registration might be taken up during Phase II.

The discussion of draft Chapter 4 continued. The proposal would separate mandatory deposit from copyright registration as much as possible, providing that abandonment of copyright would not be specified in the statute as an option to avoid mandatory deposit. One member observed that while this was a laudable goal, an obligation to deposit could still be avoided by voluntary abandonment. Some questioned whether this practice, if used by foreign authors, would be Berne-compatible.

During this discussion some members proposed separating mandatory deposit from copyright altogether. There were suggestions to move the proposed mandatory deposit section out of title 17 into another title, and to rest the reasoning for it on a clause other than the copyright clause of the constitution, such as the commerce clause, or to place it instead of title 17, in the organic act of the Library of Congress. These suggestions were opposed by other members.

Mandatory deposit would be placed in a separate chapter of title 17 to strengthen the deposit system, and to separate the needs of the Library from the Copyright Office. There was also agreement that the proposed negotiated solutions would facilitate a better policy providing more deposits, rather than relying merely on a demand deposit system. The initial burden would be placed on the Library to identify, through a comprehensive program, the classes of works it wants. To make potential depositors aware of their obligations, public education programs were proposed, and several organizations, such as the Author's Guild and the Volunteer Lawyers for the Arts, were suggested.

The proposal would provide for the Library to establish and maintain records of material received under the mandatory deposit system. These records would go into an online database. Also proposed,

but rejected, was giving these records prima facie evidentiary weight in court proceedings (section 1106). Because there would be no examination of the material, members felt it inappropriate to give the material prima facie weight. There was also concern about conflicting information being recorded, such as a possible difference in some instances as to what constitutes authorship for section 410(c) purposes and for mandatory deposit purposes, and concern that this could act as a disincentive to register for copyright purposes. It was noted that title 18, providing criminal penalties for false statements made to federal agencies, would act as a deterrent against false statements to the Library.

The discussion next focused on the fairness of a broader mandatory deposit system. One member likened it to a tax, paid in order to receive certain benefits as citizens. The benefit would include a "quick and dirty" entry in an international database that would be widely available online and could contain, for instance, licensing and pricing information.

Some proposed combining the mandatory deposit and copyright registration records. There was concern that some authors might decide to comply only with mandatory deposit instead of registration unless the benefits of copyright registration were clarified.

The issue of enforcing mandatory deposit included several new proposals (section 1105(e)). One would allow the Librarian to employ private counsel; another, to initiate action directly from the Library, to enforce mandatory deposit. To strengthen enforcement, a proposal was made to allow the Library to receive attorney's fees in cases where it prevails. There was some agreement that the fines for noncompliance should not be raised, to avoid weakening the constitutional underpinnings of the mandatory deposit system. Laila Mulgoaker and Kent Dunlap commented on the current imposition of fines and its effectiveness in ensuring compliance. Also discussed was the proposed appeals process.

Another concern of ACCORD members was the scope of the obligation to comply, especially in cases where the author does not have custody of copies of the work. Exceptions would be clearly set out in those and other hardship cases. Some members want a narrow definition of the persons legally obligated to comply, to avoid requiring deposit of the same copy of the work from multiple rightsholders. Also, some want authors and copy-

right owners to be able to comply with a formal demand up to the point of a final judgment.

The sanctions for noncompliance, especially the proposed "mini-412" in section 1105(e)(1) were debated at length. There was little support for the proposal, but there was agreement that strong enforcement provisions are necessary. Some argued that if section 1105(e)(1) is retained, it should be clarified to limit the denial of statutory damages and attorney's fees to defendants; further, that the penalties for noncompliance would apply only where a formal demand is refused for the work. Most agreed that there should be no link between mandatory deposit and any copyright litigation-based penalties.

There was general endorsement for adding mandatory deposit information to the Library's online databases of bibliographic and related information. To make the database more useful, authors and copyright owners would be encouraged to provide pricing information, along with the identity and address of licensors, but this information would be optional.

Concern was expressed for funding the new mandatory deposit program. Ms. Ringer shared this concern, but said that a strong endorsement for the program from ACCORD, and general enthusiasm from authors and copyright owners, would help in ensuring its success.

B. Copyright Registration Practices

Ms. Ringer then introduced proposals to simplify and ameliorate present copyright registration policies and practices. The goal, she said, is to induce copyright registrations and deposits by making them easier. The draft Chapter 4 language proposed changes in sections 408 through 412 that would do this. For example, the draft would create a new optional short-form application for registration for living authors (excluding works made for hire).

An amendment to section 408 would permit or encourage more group registrations and optional deposit of works. It includes the acceptance of a single registration for all contributions to collective works made by a single author within a five-year period; and it would require public notification of group registration practices, with regular review of these procedures. These proposals received no unfavorable comment.

Section 409 amendments, including the short form, were proposed with general agreement. There were several suggested amendments proposed to the required information on the long form (section 409(a)), especially item 5, with regard to chain of title, and item 9, the identification of preexisting works and new material claiming registration.

An amendment to section 410 would codify the rule of doubt in the examination and registration process. There was general approval for this, and several different formulations for its restoration in the statute. The purpose of the change would be to require that registrations be made, rather than denied, in difficult cases, to increase the number of registrations and foster the growth of the Library's collections.

C. Section 411(a)—Registration and Infringement Actions

One member, wishing to retain section 411(a), said the provision is useful because it builds the records of the Copyright Office, which in turn helps courts deciding copyright cases. Further, that although only a small percentage of registrations end up in court, they are often the most important cases. One member asserted that section 411(a) should be retained to help protect the collections of the Library.

Others, in favor of deleting 411(a) said it is not a major inducement to register and therefore does not build the Library's collections; it provides little help to the courts because they make independent review of copyrightability; and it is discriminatory against American authors (because of its two-tier nature). Also, critics argued that 411(a) or any modified version of it, would be used for procedural delay in cases of copyright piracy.

Alternative B, where a court could order the plaintiff to register under expedited procedures, received little support. Another alternative would allow a court to request an advisory opinion from the Copyright Office on the issues being litigated. This was considered a slightly better alternative. Some suggested that the court could seek expert advice by calling the Register of Copyrights as an expert witness.

Concern was raised for those instances where a copy of a work is unavailable, and there was general agreement to provide exceptions for plaintiffs if

411(a) is retained or modified.

A chart of 1989-1990 litigation statistics was provided, illustrating the classes of works involved in the nearly 200 reported cases. Alternative record keeping proposals for section 508 were offered.

The Chair concluded that at the time, no consensus on 411(a) could be reached and the final report would reflect this fact.

One member proposed an amendment to section 411(b), which currently requires extensive administrative notice to potential infringers when live programs, such as sports programming, are simultaneously transmitted and fixed. The member proposed elimination of the cumbersome features of the section, by allowing for constructive notice to be made with a timely recordation in the Copyright Office in lieu of notice to all potential infringers. This alternative, with a deposit requirement, would enhance the Library's collections with respect to works not normally acquired. The proposal received the support of many members.

D. Section 412—Registration as Prerequisite to Certain Remedies for Infringement

It was decided that the final report should reflect the debates and suggestions made with respect to section 412 in light of ACCORD's decision "to agree to disagree." The report would note that some members felt that section 412 is the best incentive to registration and therefore should be retained, while others felt its elimination would not harm the Library's collections. The report would objectively list all of the alternatives (litigation-based, fee-based, etc.) for inducing registration and deposit. ACCORD would propose some alternatives and try, during Phase II, to test their impact on Library acquisitions and copyright registration.

One suggestion was to insert a five-year review period into the law, to test the effects of any changed requirements on the Library and the Copyright Office. This could also be done by adding a sunset provision for any changes made to section 412.

Section 205 will be studied during Phase II, because the linkage of recordation to registration, many felt, would provide a strong registration inducement. One member urged ACCORD to ask Congress to hold off on any changes to section 205 that would adversely affect copyright registration until ACCORD could study the issue.

A new proposed section 505A was reviewed, without much support. There was some support for subsection (b) as a separate provision giving the courts guidance in their exercise of discretion to reduce awards. There was concern that several factors in subsection (b), for example, consideration of the intrinsic value of the work, might "raise the specter of Bleistein" involving aesthetic decision-making by the courts.

III. Preliminary Announcement: Meeting of September 2, 1993

ACCORD members expressed their substantial gratitude to the ACCORD staff for the previous night's successful dinner, and for all the other work completed to date.

IV. Continuation of Discussion on Section 411(a)

Ms. Ringer indicated that some had urged her to revisit section 411(a) questioning her conclusion that a consensus had not been reached. A lengthy discussion followed, repeating many of the previous arguments for and against section 411(a).

Arguments were made for the retention of section 411(a):

- a) It strengthens the records of the Copyright Office, which is valuable to the courts (and this database should be put online and merged with the Copyright Office recordation file).
- b) It is a an incentive to registration.
- c) The administrative screening of claims prior to litigation aids claimants and the courts, clarifies issues, and screens out unfounded claims.

[Members were referred to the case made for 411(a) by Congress during the Berne Implementation Act of 1988 in the House report (H.Rept. 100-609).]

Arguments were made for the repeal of section 411(a):

- a) It is, at best, a weak incentive to registration, given the relatively small number of cases actually brought in comparison to the number submitted for registration (2,000 out of 600,000), and therefore adds little to the collections.
- b) It discriminates against American authors.

- c) It imposes unnecessary and unfair delays in legitimate copyright infringement actions, and is not useful to the courts, because the courts make independent evaluations of the issues being litigated (validity of copyright, etc.)
- d) With the repeal of mandatory formalities (notice, renewal, and the manufacturing clause), the screening function of the Copyright Office is not useful or necessary.

V. Fraud on the Copyright Office

The committee expressed concern about the prevalent assertion of the defense of "fraud on the Copyright Office" made in infringement cases. Members agreed that good faith mistakes on copyright applications should not invalidate the entire registration (and should deny prima facie evidentiary value only to the facts stated incorrectly), and under no circumstances should any misstatement invalidate the copyright. This would also apply to the new short-form registrations.

VI. The Librarian's Recommendations to Congress

Mr. Schwartz reported on the submission of the report to Congress. Dr. Billington, after receiving the report from ACCORD, would, on the advice of his staff, make final recommendations of his own to Congress by September 15. In keeping with the wishes of Congress, the final report would not contain specific statutory language in its recommendations (Chapter 4). The work schedule should allow ACCORD members to see the draft chapters of the report once completed, before Dr. Billington's submission to Congress, and Dr. Billington's letter to Congress would, of course, be forwarded to all ACCORD members. The co-chairs were given alternatives, in their own discretion, of providing the final recommendations either in the form of a summary of options or as the recommendations of the co-chairs, after reflecting the views of the ACCORD members on the issues considered. No dissenting views would be attached to the report, but members, if they so desired, could of course write directly to Congress or to Dr. Billington with their personal views. After much debate, it was also agreed that, since the members of the advisory committee were serving in a personal capacity and not

as representatives of particular interests or groups, there would be no identification of the views summarized as expressing the position of any special interest or organization.

VII. Phase II Agenda

A partial list of topics for Phase II was offered:

1. Statistical studies of current Library acquisitions and the impact of changes in the Act on the Library. Some work has been completed; more is underway. At the next meeting ACCORD will take a preliminary look at the work in progress and decide what else is needed.
2. A broad review of recordation practices; tying recordation to registration (to induce registrations); and Peregrine issues.
3. Fraud on the Copyright Office.
4. Registration problems for derivative works and adaptations.
5. Section 411(b) concerns: allowing for constructive notice by filing in the Copyright Office for works broadcast live. (This topic may be included in the Phase I Report if an agreement is reached.)

6. Issues relating to new technologies and the future of the Copyright Office.

7. Responding to any congressional action on sections 411(a) and 412.

With respect to the statistical reports, the Congressional Research Service and other divisions of the Library will be asked to assist ACCORD.

Recordation will be placed high on ACCORD's agenda for Phase II, and there was agreement to spend a full meeting early in Phase II to consider these problems.

The next meeting of ACCORD will focus on statistical studies, particularly, the design and implementation of empirical surveys, including the way materials flow from the Copyright Office to the Library, and how Library acquisition policies impact the nature of materials deposited with the Copyright Office.

The fifth plenary meeting, a one-day session, will be held on October 20, in the Congressional Research Service Conference Room, Madison Building, second floor. The sixth session will be held December 1 and 2, 1993.

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OF DRAFT WORKING PAPERS OF ACCORD

1. Letter to Members From ACCORD Co-Chairs and Staff. **Issues for Discussion.** June 7, 1993. Memo. 2 pages.
2. Draft Working Paper A **Copyright Registration, Deposit, and Recordation Generally.** 5 pages.
3. Draft Working Paper B **Registration and Deposit as Prerequisites to Recovery of Statutory Damages and Attorney's Fees.** 2 pages.
4. Draft Working Paper C **Mandatory Deposit for the Library of Congress.** 3 pages.
5. Draft Working Paper D **Possible Alternative Incentives for Registration and Deposit.** 3 pages.



THE LIBRARY OF CONGRESS

WASHINGTON, D.C. 20540

TO: Members of the Librarian's Advisory Committee on Copyright Registration and Deposit (ACCORD) **DATE:** 6/07/93

FROM: ACCORD Co-Chairs and Staff

SUBJECT: Meeting of June 10 - 11, 1993: Issues for Discussion

Attached to this covering memo are four draft working papers:

- A. Copyright Registration and Deposit Generally
- B. Registration and Deposit as Prerequisites to Recovery of Statutory Damages and Attorney's Fees
- C. Mandatory Deposit for the Library of Congress
- D. Possible Alternative Statutory Incentives for Registration and Deposit

Out of the various issues presented by H.R. 897, those covered by the four papers are the ones we've identified as most urgently in need of investigation and analysis. You'll note that they don't include the National Peregrine case, the power to appoint the Register of Copyrights, the constitutional separation of powers question, and the future of the Copyright Royalty Tribunal -- important subjects which we may (or may not) want to address later on. For purposes of this first meeting, our recommendation is that we concentrate on the registration and deposit issues and see how far we get with them before journeying further afield.

In each of the four cases the working paper seeks to break the subject down into sub-topics, based on the material we sent you in the last mailing. As we see it, these sub-topics would be the subject of:

- immediate discussion at the June 10 - 11 meetings;
- intensive study during the next two months or so; and
- development of specific legislative (or possibly other) recommendations to the Librarian before September 1.

We hope you will each review these suggested sub-topics, think about ones that might be changed or dropped and others that might be added, and decide which ones you'd like to work on yourself. Our thought is that the committee divide itself into four working groups, each devoted to a discussion of a particular subject, but some of you may have different ideas of how to structure the studies.

We realize how formidable these papers look, but bear in mind that we won't need to do all this ourselves. The Librarian has made the staff and resources of the Library available to us to develop as much information as can be adduced in the time we have. In many cases our job will be to review and evaluate information that is provided to us, and to base our recommendations on those facts we consider significant.

DRAFT WORKING PAPER A

COPYRIGHT REGISTRATION, DEPOSIT, AND RECORDATION GENERALLY

1. **Summary of historical background of copyright registration, deposit, and recordation in the United States:**
 - a. Origins and evolution of law governing copyright registration, deposit, and recordation to 1870;
 - b. Copyright registration, and deposit for registration, and their historic impact on the Library of Congress;
 - c. Legislative history of the registration/deposit provisions of the Copyright Act of 1909;
 - d. The Washingtonian case;
 - e. Legislative history of the registration, deposit, and recordation provisions of the 1976 Act; and
 - f. Berne Convention adherence and the Act of 1988.
2. **Annotated bibliography of important recent court decisions, law review articles, and other jurisprudence concerning copyright registration, deposit, and recordation.**
3. **Summary of laws governing copyright registration, deposit, recordation, and their equivalents, in foreign countries:**
 - a. Historical evolution and/or devolution of statutory copyright registration deposit, and recordation systems;
 - b. Extent of any statutory or de facto systems in foreign countries (or groups of countries) involving registration, deposit, and recordation;
 - c. Study of quasi-governmental or private registration, deposit, and recordation systems used in connection with the activities of centralized or decentralized collecting societies.
4. **Analysis of the present legal situation governing copyright registration, deposit, and recordation in the United States:**
 - a. Summary of the specific policy goals sought to be achieved by the present provisions governing registration, deposit, and recordation, as shown in the legislative history of the 1976 and 1988 acts, with respect to --

- 1) Use of copyright records in civil and criminal litigation;
- 2) Improvement in the information contained in the public records of the Copyright Office and the national copyright database;
- 3) Strengthening of the provisions of the copyright law forming one of the major underpinnings of collection development by the Library Congress;
- 4) Strengthening the regulatory power of the Copyright Office to make more conclusive examination of claims to copyright.

b. How and the extent to which these identified policy goals have been met in practice, including --

- 1) Consideration (using statistics wherever possible) of the amount and value of the use of various copyright records, including the Catalog of Copyright Entries--
 - i) in civil and criminal litigation, to courts, litigants, and the public;
 - ii) in contractual and other business dealing, and in the collective administration of rights;
 - iii) in determination of the copyright status of works;
 - iv) in bibliographic and scholarly endeavors;
 - v) as a permanent record of the cultural and social history of the United States; and
 - vi) in a variety of other uses.
- 2) The extent to which copyright registration, deposit, and recordation

inhibit assertions of frivolous, fraudulent, or erroneous claims to copyright or claims of infringement, including statistics on rejected claims.

- 3) The level of completeness, accuracy, and reliability the users of the Copyright Office system of records require, and the extent to which the current system achieves that level.
- c. Detailed consideration of the operation of the provisions of section 410 dealing with the prima facie evidentiary value of the copyright certificate, both before and after five years from publication, including --
- 1) Value of the provision as an incentive to registration and deposit;
 - 2) Value of the provision in the ordering of evidence at trial;
 - 3) Value of the provision for other purposes, including:
 - i) Use by the U.S. Customs Service;
 - ii) Use by the U.S. Justice Department in criminal investigations;
 - iii) Relation to recordation provisions (see 17 USC 205 (c)).
- d. Specific consideration of section 411(a) and its discrimination against American copyright owner:
- 1) Legislative background of the 1988 amendment;
 - 2) Arguments for and against the justification for the discrimination, including --
 - i) the requirements of the Berne Convention;
 - ii) inducements to register and deposit;

- iii) questions of fairness and constitutionality; and
 - iv) possible disadvantages to U.S. copyright owners as against foreign owners and users;
- 3) Extent to which 411(a) actually induces registration and deposit.
5. **Collection and analysis of facts and statistics dealing with copies and phonograms of copyrighted works deposited in the Copyright Office in connection with registration. (Where no records or statistics are currently being collected or maintained, estimates will need to be obtained by sampling and extrapolation.)**
- a. The statutory provisions covering the disposition of all copyright deposits;
 - b. All Library of Congress and Copyright Office regulations, acquisitions and policy statements, and statements of practice (written or otherwise) governing the disposition of copyright deposits;
 - c. Total numbers of deposits of all kinds of published and unpublished works received by the Copyright Office for registration within a specified period, broken down by classes and categories;
 - d. Detailed facts and statistics, broken down by classes and categories, concerning the actual disposition of copyright deposits:
 - i) Selection for the general and special collections of the Library of Congress;
 - ii) Transfer to other government libraries for their general and special collections;
 - iii) Transfer to the Exchange and Gift Division of the Library of Congress, with specific and detailed information and statistics concerning the disposition of copyright deposits by that Division and the policies, written or otherwise, governing that disposition;
 - iv) Other transfers of copyright deposits by the Library of Congress and the Copyright Office, and the written or other policies governing them.

- v) Retention by the Copyright Office of copyright deposits not selected or transferred as above, with facts and statistics concerning those deposits retained permanently and those disposed of after stated periods, including places and terms of retention, means of disposition or destruction, and relevant written or other policy statements governing these matters.
- vi) Any other facts or statistics relevant to the disposition of copyright deposits.

DRAFT WORKING PAPER B

REGISTRATION AND DEPOSIT AS PREREQUISITES TO RECOVERY OF STATUTORY DAMAGES AND ATTORNEY'S FEES

1. Background of Section 412:

- a. Pre-1978 law on the availability of statutory damages and attorney's fees in copyright actions;
- b. Legislative history of section 412.

2. Study of statutory damages in relation to copyright protection:

- a. Consideration of whether the difficulty or impossibility of proving actual damages is such a unique factor in copyright infringement actions that the withholding of statutory damages can be said to leave the copyright owner without remedies;
- b. Consideration of whether statutory damages is unique to American law and is truly an "extraordinary remedy":
 - i) Possible analogues in American law, including --
 - aa) Liquidated damages; and
 - bb) Punitive damages;
 - ii) Possible analogues in foreign laws.

3. Study of attorney's fees in relation to copyright protection:

- a. Consideration of U.S. case law on attorney's fees (including attorney's fees as part of costs) in copyright cases, including cases where their recovery has been denied;
- b. Consideration of how foreign countries handle attorney's fees (either separately or as part of costs) in copyright cases and in general.

4. Study of section 412 in operation:

- a. Extent to which the 412 incentives motivate registration and deposit of --
 - i) Published materials;
 - ii) Unpublished materials.
- b. Consideration of whether potential loss of statutory damages would be a greater, lesser, or equal incentive to registration and deposit than potential loss of attorney's fees.
- c. Extent to which section 412 results in the inadvertent loss of remedies --
 - i) to individual authors; and
 - ii) to employers for hire, transferees, and other corporate copyright owners.

DRAFT WORKING PAPER C

MANDATORY DEPOSIT FOR THE LIBRARY OF CONGRESS

1. **Background of the mandatory deposit provisions of section 407**
 - a. **Origins and history of mandatory (depot legal) systems in other countries.**
 - b. **Survey of provisions on mandatory deposit in various foreign laws.**
 - c. **Legislative history of the mandatory deposit provisions in the 1976 Act.**
2. **Summary of current statutory provisions, and the Copyright Office and Library of Congress regulations, acquisition statements, and policies governing their implementation.**
3. **Scope and operation of the demand power under the current statute and regulations:**
 - a. **Receipt and disposition of material under section 407 without formal demand;**
 - b. **How and by whom determinations to make demand are made in individual cases;**
 - c. **Nature of material demanded;**
 - d. **Nature of material exempted from mandatory deposit by regulation or practice, written or otherwise --**
 - i) **Standards for making exemptions;**
 - ii) **Relation of exemptions from mandatory deposit to the retention and disposition of deposits for copyright registration.**
 - e. **Processing and disposition of material deposited under section 407;**
 - f. **Maintenance of records of mandatory deposits:**
 - i) **Nature of database of mandatory deposits, and uses (if any) made of it;**
 - ii) **Records, if any, of the monetary value of materials deposited under section 407.**

- a. Number of deposits received without demand, and their disposition;
 - b. Number of deposits demanded;
 - c. Deposits received after demand:
 - i) Total numbers;
 - ii) Monetary value;
 - iii) Disposition of copies and phonorecords, broken down by classes and categories, with specific information about the particular divisions of the Library of Congress, including the Exchange and Gift Division, receiving the transfers.
7. Consideration of means to strengthen the mandatory deposit provisions and to induce voluntary compliance with section 407:
- a. By negotiation with depositors, including possible agreements limiting the Library's use of the deposit copies in certain ways;
 - b. By increasing the penalties for noncompliance; and
 - c. By simplifying the legal procedures for enforcement.

DRAFT WORKING PAPER D

POSSIBLE ALTERNATIVE INCENTIVES FOR REGISTRATION AND DEPOSIT

- 1. Consideration of whether repeal of sections 411(a) and 412, without substituting new inducements, would result in substantial reductions in voluntary registrations and deposits and losses to the collections of the Library of Congress.**
 - a. Evaluation of effectiveness of remaining inducements:**
 - i) Prima facie evidence;**
 - ii) Inclusion in national database;**
 - iii) Use in business, licensing, etc.**
 - iv) Desire for a certificate as proof of authorship, etc.**
 - v) Continuing misapprehension that one must file to "obtain a copyright";**
 - vi) Others.**
 - b. History of voluntary registration in other countries.**
- 2. Consideration of arguments for changing present registration and examining practices and procedures:**
 - a. Arguments for seeking to strike a balance between what the Library actually needs and will retain and**
 - i) The burden on the claimant:**
 - aa) Amount of fee**
 - bb) Value of deposit**
 - cc) Costs (in time and money) of preparing and submitting application;**
 - ii) The number of copies or phonorecords deposited (i.e., require only one copy when Library only wants one)**
 - iii) The time of deposit (some deposits are received too late to serve the needs of the Library)**

iv) Special cases (e.g., software, photographs, newsletters, graphic arts, etc.) where registration and deposit requirements are very onerous and the Library currently receives nothing of value to it.

b. Possible changes in existing Copyright Office practices:

- i) Effort to conform what is asked of the claimant to what is actually needed for examination, cataloging, Library's collections or exchange needs;
- ii) Expansion of negotiated arrangements with copyright owners such as the Motion Picture Agreement;
- iii) Consideration of suggestions for a "two-tier" registration system (e.g., the lower tier might involve a simplified application, reduced fee, less burdensome deposit requirements, and reduced examination and cataloging; upper tier might provide a more thorough examination, in exchange for evidentiary or other inducements.

3. Consideration of possible amendments in inducements to registration and deposit:

- a. Prima facie evidence: Suggestion to amend section 410(c) to expand evidentiary value of certificate;
- b. Use in litigation: suggestion to give court discretion to require registration before action can proceed, but without loss of any rights or remedies;
- c. Statutory damages and/or attorney's fees (section 412): suggestion to retain provision but liberalize its impact (e.g., change time periods, make it discretionary with court, make it inapplicable to unpublished works, make it inapplicable to claims by individual authors, withhold statutory damages or attorney's fees but not both, etc.).

4. Consideration of possible new inducements:

- a. Extend the length of the copyright term if the work is registered. Problems to consider:
 - i) Length of possible extension;
 - ii) Question of Berne Convention compliance;
 - iii) Question of retroactive effect.
- b. Tie registration more closely to provisions dealing with recordation of transfers (section 205) -- e.g., make registration a requirement for any recordation purpose; make registered claim prevail over unregistered claim in all cases of conflicting transfers.
- c. Establish registration as a defense to claims of abandonment or estoppel.
- d. Tie registration to presumptions of death of author in determining life-plus-fifty term (see section 302); e.g., provide for presumption of death of author after a stated period if registration not made.
- e. Extend the period for statutes of limitations provided by section 507 for registered works.
- f. Make registration constructive notice for certain additional purposes (e.g., as against "innocent" infringers).
- g. Give owners of registered copyrights procedural and evidentiary benefits in the operation of one or more of the compulsory licenses provided in Chapter 1 of the statute.
- h. Give the owner of a registered copyright certain rights in the title of the work as against the owner of an unregistered copyright in a work of the same title.
- i. Give the bibliographic entries covering registered works more prominence in the Library of Congress's on-line services (such as LOCIS) than that given to unregistered works.

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1. Working Paper #1 Oakley, Robert, et al. **Mandatory Deposit: For the Congress and the Nation.** July 12, 1993. Study Paper. 8 pages.
2. Working Paper #2 Goldstein, Paul. **The Case For and Against 17 U.S.C. §411(a).** July 12, 1993. Study Paper. 10 pages.
3. Working Paper #2a Jassi, Peter. **The Case for 411(a).** June 20, 1993. Memorandum. 2 pages.
4. Working Paper #3 Levine, Arthur J., and Charles D. Ossola. **Considerations Favoring the Repeal of Section 412.** July 9, 1993. Study Paper. 11 pages.
5. Working Paper #4a Baumgarten, Jon, and Peter Jaszi. **Why Section 412 Should Be Retained.** [July 12, 1993]. Study Paper. 7 pages.
6. Working Paper #4b Jaszi, Peter. **Section 412.** Memorandum. July 12, 1993. 2 pages.
7. Working Paper #5 Donegan, Kathy. **A Survey of Federal Statutes Providing Attorney's Fees.** July 12, 1993. Study Paper. 11 pages.
8. Working Paper #5a Cohen, Henry. **Awards of Attorney's Fees by Federal Courts and Federal Agencies.** November 29, 1989, Updated August 5, 1991. Congressional Research Service Report for Congress. 108 pages. [With separate Addendum to both Donegan and Cohen papers. July 1993. 2 pages.]
9. Working Paper #5b Donegan, Kathy. **Attorney's Fees Awards Under Section 505 of the Copyright Act of 1976.** August 10, 1993. Study Paper. 11 pages.
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26. Working Paper #20 Cohen, Henry. **Litigation by Legislative Branch Agencies**. Memorandum. September 8, 1993. 17 pages, including CRS memorandum for Congress, **Litigating Authority of Federal Entities**. July 7, 1988 (17 pages).

Oakley, Robert, et al
July 6, 1993

Mandatory Deposit:
for the Benefit of Congress and the Nation

I. Mandatory deposit is widely accepted throughout the world and has been a part of the United States copyright law from the very earliest days.

For several centuries, across many different countries and cultures, authors, libraries, government officials, scholarly researchers, and the general public have benefitted from a requirement that published works be deposited in a centralized library or agency.

Legal deposit began in 1537, when the King of France mandated that a copy of all materials printed in France be sent to the King's library.¹ Over the centuries, it became evident that it was vitally important to create in each country a repository of that nation's own history, culture, writing, and intellectual heritage. This recognition caused the idea of legal deposit to spread to the point where it has now been accepted in nearly every country in the world. In a study published in 1991, Jan Jasion listed 131 nations that either have a formal deposit law or have at least one national depository library for receipt of materials published within their jurisdiction.²

In the United States, the deposit requirement has been part of the copyright system since the very first copyright law was passed in 1790.³ The Copyright Act of 1790 act specified that "the author or proprietor of any ... map, chart, book, or books, shall, within six months ... deliver, or cause to be delivered to the Secretary of State a copy of the same, to be preserved in his office."⁴ The practice of registering with the local District Court and depositing a work with the Secretary of state continued from 1790 until the mid-19th century. From 1846 to 1859 deposits were sent to the newly created Smithsonian Institution, but the law lacked

¹ Crews, Kenneth D., "Legal Deposit in Four Countries: Laws and Library Services", 80 Law Lib. Jnl. 551 (1988).

² Jasion, Jan T., The International Guide to Legal Deposit 18 (Ashgate, 1991).

³ It should be noted that the deposit requirement is not necessarily tied to copyright in other countries. However, the evidence seems to suggest that there is less compliance where the requirement is not tied to a significant benefit such as copyright protection.

⁴ Act of May 31, 1790, c. 15, sec.4, p.125.

enforcement provisions and compliance was limited. From 1859 to 1870, custody of the deposit collection and records was transferred to the Department of the Interior.

Then, in the general revision of the laws in 1870, responsibility for all copyright registration and deposit was centralized at the Library of Congress. There it has been ever since, with the Copyright Office creating a record of all the works submitted to it and sending about half of all deposits to the Library of Congress for inclusion in its collections. Then Librarian, Ainsworth Spofford, envisioned the Library of Congress as a true National Library, collecting and preserving the nation's intellectual heritage. He believed that copyright deposit was an essential means to fulfill that mission and to ensure that the Library could create a comprehensive collection of the nation's literature for the use of future generations. The richness and depth of L.C.'s collections today show the wisdom of Spofford's view. As a result of the mandatory deposit requirement, the Library's collections of published and unpublished works reflect the richness and variety of the American experience throughout the 200 year period.

Any effort at copyright revision that might negatively affect the ability of the library to continue to fulfill this mission should proceed with the utmost caution. Mandatory deposit has been part of the U.S. copyright system for over 200 years without major objection.

Traditionally, the stated purposes for deposit include (1) identifying the work and creating a record for use in later infringement actions, and (2) enriching the collections of the Library of Congress for the benefit of Congress and the nation. Both purposes remain valid today.

II. The Deposit requirement is necessary to establish, under the control of a neutral party, a record of the existence of a work and to preserve its content for use in subsequent disputes.

In the landmark case of *Wheaton v. Peters* (8 Pet. 591, 665 (1834)), the Supreme Court said that:

The deposit of the book in the Department of State may be important to identify it at any future period, should the copyright be contested, or an unfounded claim of authorship asserted.

This statement made it clear that one of the essential purposes of copyright deposit was to support the administration of the copyright law by creating and retaining evidence of the work that could be relied on in case of later disputes. Such records take at least two forms, the registration (or bibliographic) record created for the files and, when appropriate, the work itself as retained in the collections of the Library.

The records of the Library of Congress, including the Catalog of Copyright Entries and the catalog of the Library itself⁵, create an intellectual record of the particular work. Such records demonstrate both the existence of the work and the claim of protection by a particular owner at a particular time. When the records are created, a deposit copy of the work is essential for the Copyright Office to be able to verify the information contained in the application.

Furthermore, after *National Peregrine v. Capitol Federal Savings and Loan* (Cite), it is evident that the significance of the records created in the Copyright Office extends far beyond the copyright system. There, in a bankruptcy proceeding, the Court held that

Recording in the U.S. Copyright Office, rather than filing a financing statement under Article Nine, is the proper method for perfecting a security interest in a copyright.

Beyond the intellectual records, retention of the deposit copy by the Library for its collections⁶ keeps a documented original in the hands of a neutral third party where it can be referred to in case of a later claim of infringement. This function is particularly important for unpublished works, works from small presses, and other materials that may not have received wide distribution. It virtually guarantees that even for works of limited distribution, it will be possible to retrieve and compare an original with a later work if and when an infringement claim is made.

The function of keeping a deposit copy to show the content of

⁵ When the deposit copy is transferred to the Library of Congress collections, an even more detailed bibliographic record is created and stored in a national bibliographic database, providing widespread access to the information.

⁶ According to statistics from the Copyright Office, approximately half of the items submitted for registration are transferred to the Library for retention in its collections.

a particular work as of a particular time has become even more important in the last several years as the proliferation of computers has made it easy for works to be altered. Especially with the advent of desktop publishing, a work may exist in a variety of forms over a very short period of time. If there were nowhere to go to ascertain with some certainty and authority the content of a work at a particular time, it could become virtually impossible to demonstrate an infringement.

III. Mandatory deposit is essential for the Library of Congress to continue to develop a comprehensive collection of the American intellectual heritage. Such a collection benefits Congress in particular and the nation as a whole.

As Congress' library, unrivalled in the world for the richness of its collections, the Library of Congress has also become our nation's library, containing over 200 years of the music, drama, intellectual life, and culture of the American people. The mandatory deposit of both published and unpublished works with the Library has made that collection possible.⁷

According to statistics from the copyright office, copyright deposits under sections 407 and 408 are the largest source for new library materials, supplying 40.9% of the U.S. materials added to the library between 1990 and 1992.⁸ In fiscal year 1992,

⁷ A legal deposit requirement, not tied to copyright, such as exists in other countries, is usually limited to bringing in published works, not the breadth of material received by the Library of Congress.

"Copyright Deposits by their nature are likely to include more types of material than legal deposits because works of all categories granted protection are subject to copyright deposit, and will be deposited to some extent, whether they are works ordinarily collected by libraries or not At present, in practice, the obligation of legal deposit is usually limited to printed or near-print publications (including microfilm). See Dunne, Elizabeth K. "Deposit of Copyrighted Works", pp 2-3 in Study No. 20, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, United States Senate, 86th Cong., 2d Sess., 1960.

⁸ The next largest source of materials for the library is through gifts, which make up 38.9% of the materials received. Materials acquired by purchase account for only 15.4% of the

1,165,891 items were deposited with the copyright office. Of those, 827,173 were transferred to the collections of the Library of Congress, with an estimated value in excess of \$12,000,000. The items added to the collection included books and periodicals, motion pictures, music, sound recordings, maps, prints, pictures, and other works of art.*

Moreover, if the library were going to endeavor to purchase the items, there would be significant costs beyond the purchase price. It takes a great deal of staff time to identify newly published works, to select them, and to order and pay for them, all tasks now avoided when the materials arrive automatically. At an estimated cost of \$10 per periodical and \$50 for all other items¹⁰, the cost of the additional staff needed to acquire the materials is approximately \$22,000,000. This brings the total cost needed for operational expenses, not including the space, office equipment, etc. required to house and support the extra staff, to \$34,000,000 per year.

It must be noted, however, that although with enough money many of the items could have been purchased, many of them could not or would not be acquired by purchase, either because they are not available for purchase (such as unpublished works), or because they are not the types of material normally purchased by a library. Even if the Congress wanted to acquire the items by purchase rather than deposit, such a decision would weaken the collections, because many items would be missed or simply would not be available for selection.

There could also be political costs for the library if it switched to a system of purchases rather than deposits. If the library chose not to purchase an item for any reason, it would be open to charges of censorship. If it purchased controversial material (as of course it would), like publicly supported libraries everywhere, it might be asked not to purchase such material. The deposit system allows the library to be neutral of such pressures.

The deposit system, then, is a mechanism that allows the library to create the strongest possible collection at the lowest cost to the taxpayer. At the same time, the benefits of having such a library accrue to many throughout the nation.

libraries acquisitions. See unpublished chart "Additions to LC's Collections by Source, FY 1990-92 average (US only)".

* 95th Annual Report of the Register of Copyrights, 1992, 39-40 (mimeo 1993).

¹⁰ To the task force: we need to get data from the library on what their actual costs would be. These numbers are just an educated guess on my part. RLO.

Congress. First and foremost, the Library is Congress' own library, and the members of Congress benefit more than anyone else from having a great library at their disposal. In FY 1991, the Congressional Research Service answered over 500,000 questions on topics that ranged from the law of Kuwait and Iraq, to the Gulf War, to Health Care Financing, and Banking Reform.¹¹ Truly, the interests of Congress are without limit. Not only has the availability of deposit items created a library without peer to support the work of Congress, it has also allowed the library to use its duplicates to exchange for foreign collections. Maps, legal information, and other cultural information was invaluable during the Gulf War as Congress and others debated how to proceed. The library has been built for Congress, and Congress remains its principal beneficiary.

Authors and Creators. Authors and creators themselves benefit from the Library and the deposit requirement. For many published works (especially those of the smaller presses), the Library of Congress is probably the only place where the work may be known to be permanently collected, preserved, and accessible. Moreover, through the bibliographic records mentioned before, the works of those authors is made known to others, thus helping to insure that the works are known and used. At the same time, retention in the Library insures the availability of a copy in case one is needed to show the content of a work in an infringement case.

Researchers. The research community is a major beneficiary of the Library of Congress. With its unparalleled collections, no other library in the United States, not even the greatest of the academic libraries, are on a par with L.C. In that sense, the Library of Congress is a national resource. Researchers come to the Library from throughout the world to make use of its unique collections.

Libraries. The Library of Congress is the library's library. It is the library of last resort in a vast network of libraries that has developed throughout the United States and even throughout the world. With the support of the bibliographic databases to which virtually all libraries contribute, libraries can generally locate any item or any information needed by a user. Within that network of libraries, it not infrequently occurs that the borrowing library must turn to the Library of Congress for the item.

¹¹ See Annual Report of the Librarian of Congress, 1991 20 - 24,

For example, when Britain fought in the Falklands, they turned to the Library of Congress for strategic information about the islands.

The public at large. Libraries in general, and the Library of Congress, in particular, benefit the public in a myriad of other ways. The library is open to the public, and may in many ways be seen as the foundation for a democratic society. Libraries support literacy and an educated citizenry for democracy. The Library of Congress, with its unbounded collection provides a place where any citizen can study any topic or issue on which they might have an interest.

By benefitting Congress, researchers, libraries, and the public at large, the Library of Congress benefits the nation. The deposit requirement in the copyright act has created the collection of the greatest library in the world which supports the work of those groups. Any weakening of the deposit requirement must be seen as against the national interest.

IV. Although some parts of the creative community have found the deposit requirement burdensome, that is not sufficient reason to eliminate it.

Several special interests have claimed that the deposit requirement creates an undue hardship on them. Among the groups that have expressed this concern are photographers, software developers, newsletter publishers, and writers with unpublished works. Whether or not these creators feel an undue burden, policy makers must be careful not to eliminate a system that has worked to create such a national resource as the Library of Congress simply because there is a burden on a few. The benefit to the public from the existence of a unique resource like the Library of Congress far outweighs the burdens imposed on some members of the community.

A more appropriate response to the concerns of these creators would be to analyze why there seems to be a greater burden on them, and to find ways to minimize the burden. For some, such as photographers, some form of group registration could help. On the other hand, for serial and newsletter publishers, the Library needs those materials for the collection, and it may be difficult to find a compromise. Nonetheless, it is clear that from the larger perspective, the deposit requirement has succeeded in its primary goals and should not be eliminated simply because some groups are adversely affected. Other solutions must be found.

* * *

Librarian Spofford's vision of the Library of Congress as a true National Library has been realized because the deposit requirement of the Copyright Act insures that the Library has virtually all of the creative output of America. No steps should be taken now that would have the affect of weakening the Library's collections. Any changes made to the Copyright Act, registration and deposit must insure the continued deposit of new materials with the Library for the benefit of Congress and the American public.

WORKING PAPER #2

Goldstein, Paul
July 6, 1993

THE CASE FOR AND AGAINST 17 U.S.C. §411(a)

Prepared by Paul Goldstein for the use of the Library of Congress
Advisory Group on Copyright Registration and Deposit

Section 411(a) of the 1976 Copyright Act provides, with certain exceptions, that "no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title." The exceptions from this requirement include cases where registration has been sought but refused by the Copyright Office, where the action is to vindicate the rights of attribution or integrity under section 106(A), and where the infringement action involves non-U.S. Berne Convention works.

A quick review of the legislative history of section 411(a) and of its predecessor provision, section 13 of the 1909 Copyright Act, indicates that registration as a condition to suit has never enjoyed a full-fledged rationale that connects the fact of registration to the exigencies of infringement lawsuits. (The presumably deeper inquiry into legislative history that is now being undertaken by Staff may, however, shed a more revealing light on the requirement.) Rather, the requirement appears to have emerged as simply one means for encouraging registration and deposit in a legal system that had dropped these two formalities as a condition to copyright. At best, the litigation rationale for registration was incidental: the registration process could screen out meritless claims, and the certificate could aid the court in determining relevant facts.

Time and events have undermined even the incidental rationale for registration as a condition to suit. When Congress introduced the requirement in 1909, the Register's decision to deny registration could, and often did, serve a valuable screening function for the courts. At a time when the notice formality was all-important, an examiner's decision that a work was published without notice or with faulty notice, and was consequently in the public domain, could stop wasteful litigation in its tracks. At a time when the Copyright Act and Copyright Office Regulations excluded major categories of expressive subject matter -- architectural works, sound recordings, nondramatic choreographic works -- from copyright protection, an examiner's decision to deny registration could again save the social and private costs of litigation.

The world of the 1909 Act, and to some extent also the world that ushered in the 1976 Act, have changed materially. Copyright notice is no longer a condition to copyright protection, with the result that this aspect of the Copyright Office's screening function has disappeared. Formerly excluded subject matter has come into the copyright fold, reducing the Copyright Office's screening function in this respect as well. In short, whatever independent rationale the register-to-litigate requirement may once have enjoyed has significantly atrophied over time.

The requirement today that, to file a lawsuit, a copyright owner must pursue the registration process to its administrative conclusion -- issuance or refusal of registration -- does little good and much harm. The first part of this analysis will explore what good, if any, is served by section 411(a); the second part will consider its harms. The third part of this analysis will briefly address the real problem with section 411(a).

I. WHAT GOOD DOES SECTION 411(a) DO?

A. Section 411(a) provides an incentive to register and consequently serves the general purpose of promoting a record of claims to copyright in the United States Copyright Office and the deposit of copyrighted works for the collections of the Library of Congress.

No one would dispute that section 411(a) provides an incentive to register claims to copyright. But no one would dispute either that, given the comparatively minuscule number of registrations occasioned by suit, section 411(a) has little positive effect on the general goals of registration and deposit. Register of Copyrights Ralph Oman observed in his 4 March testimony before the House Subcommittee on Intellectual Property and Judicial Administration that 1,831 copyright infringement suits were filed in 1991, as against a total of 634,797 works submitted for registration that year. Since registration for purposes of section 411(a) can be made on the eve of suit, the provision can thus be said to have spurred the registration of, at most, only 1,831 works -- only slightly more than one-quarter of one percent of all applications filed that year. Even this figure is overly generous since a substantial number of these 1,831 works were probably registered earlier, ante litem motem.

B. Section 411(a) assigns an important screening function to the Copyright Office, enabling it to apply its special expertise to resolving, at the threshold, questions that would otherwise consume costly, and relatively less expert, judicial time.

As already noted, the original screening functions served by the requirement of registration as a condition to suit -- examination for absence or imperfections in copyright notice and for uncopyrightable subject matter -- have shrunk considerably

under contemporary copyright law. Although the Copyright Office has filled the vacuum by making qualitative decisions on copyrightable subject matter and deposits, it is questionable whether the results reached by the Copyright Office on these issues mirror the results that would have been reached by a court applying the relevant legal standard had the parties pursued their claims there and not been intimidated by the denial of a registration certificate.

1. It has been argued that Copyright Office expertise, exercised in the registration process, has guided courts in determining whether, under section 101 of the Copyright Act, a claimed pictorial, graphic or sculptural work constitutes a "useful article" and, if it does, whether and to what extent the article is inseparably utilitarian. If Copyright Office decisions have had any effect on judicial decisions, it is certainly not evident from the decisions themselves, for it is hard to imagine an area of copyright law in which there is less uniformity among the courts, or a greater abundance of confusion. The reason, doubtless, is that these determinations pervasively implicate policy questions on the boundaries between copyright, patent and industrial design -- questions on which the Copyright Office possesses no greater expertise than any other official body, and certainly less authority.

2. A registration certificate offers courts at best a false security with respect to its indication of authorship and ownership. It will, for example, rarely be evident to an examiner from the face of a certificate whether a work was truly made for hire under currently applicable standards, or is an individual, rather than joint, work of authorship.

C. Section 411(a) discourages the assertion of claims that lack a firm foundation in settled copyright rules.

condition to suit will often stand in the way of (1) prompt relief and (2) complete relief.

1. The exigencies of copyright litigation often require the immediate issuance of a temporary restraining order, followed by a temporary injunction, upon the discovery of an infringing copy; as in other areas, justice delayed will often mean justice denied. Although it might be argued that this is precisely as it should be, since the issuance of a TRO or temporary injunction can inflict severe harm upon a defendant, bonding requirements for copyright owners seeking injunctive relief ensure that such harms will not go uncompensated.

To be sure, an expedited procedure does exist for obtaining a certificate promptly. But few copyright claimants are aware of the expedited procedure; the procedure itself is costly; and, even if pursued, the expedited procedure does not ensure the prompt issuance or denial of a certificate if the Copyright Office chooses to engage in protracted correspondence with the applicant before definitively accepting or rejecting the application.

Some courts will treat section 411(a)'s requirement as non-jurisdictional, and will allow a copyright owner to file a copyright lawsuit without the certificate, and to submit the certificate to the court once it is obtained. Nonetheless, many courts have held that the presence of the copyright certificate is jurisdictional. In any event, the resulting unpredictability does little to advance the fluency of the litigation process.

2. The requirement that a copyright certificate be introduced for each copyrighted work claimed to be infringed, while perhaps tolerable in the standard case where only a single work is in issue, may become intolerable in the increasing number of cases that can be characterized as "copyright class action"

cases -- cases such as Williams & Wilkins v. United States -- in which the copyright owner requires for complete relief a remedy against the copying of all of its works.

To be sure, some courts -- unlike the Court of Claims in Williams & Wilkins -- have been disposed to allow plaintiffs to make a blanket allegation of copyright infringement for all works "similarly situated" upon the introduction of a representative sample of certificates. Yet, so long as the Act remains unamended, there is little assurance that this gloss on the Act will become universal.

B. Outside those few courts that regularly deal with copyright lawsuits, a registration certificate attached to a copyright complaint may give a court false confidence about the substantiality of the claim to copyright. Among the relatively uninitiated, there is an evident tendency to give the certificate's prima facie effect the same weight that section 282 of the Patent Act gives to patents.

Patent and copyright presumptions of validity arise from vastly different sources. The patent presumption arises from the prior art searches conducted in the PTO -- searches of a sort that, in the nature of things, cannot be conducted for copyright. By contrast, section 410(c)'s presumption of copyright validity stems not from the examination conducted by the Copyright Office, but rather from the ordering of burdens of proof that in most cases would apply even absent a certificate. (For example, a work's originality is presumed not because of anything that went on in the Copyright Office but rather because, as between copyright owner and infringer, the infringer is better placed to prove the relevant facts.)

C. Finally, although this country's obligations under the Berne Convention do not require it to treat U.S. nationals as

well as it treats other Berne nationals, the current bifurcated scheme is demoralizing for U.S. nationals. Imposition on U.S. nationals of a requirement not imposed on other Berne nationals can only serve to demoralize copyright owners who see themselves treated disadvantageously, with no real countervailing benefits to the United States copyright system. Also, the imposition of the registration formality as a condition to suit departs from the modern genius of U.S. copyright law which is to move toward the Berne model under which no formality is inserted between an author and his or her work.

III. WHAT IS THE REAL PROBLEM WITH SECTION 411(a)?

The real problem with section 411(a) is not that it requires registration, or refusal of registration, as a condition to filing a copyright infringement lawsuit. Few copyright owners would object to registration as a condition to suit if the registration process entailed no more than does the recordation process for transfer of real property titles in the United States: payment of a modest fee, deposit of the relevant instrument, and its immediate entry, with only formal examination, in the county title records. Registration under these conditions would be strictly pro forma and an acceptable incident to the costs of litigation generally. (Some might object, however, that the deposit requirement under even these conditions may remain onerous; others may argue that even a purely formal, fee-based registration system creates an undesirable precedent in other countries that might seek extortionate registration fees as a condition to access to its courts.)

The real problem with section 411(a) lies not in the application for registration made to the United States Copyright Office, but in the examination, both of the claimed subject matter and the form of its deposit, that precedes the issuance or

refusal of a registration. Part of the problem lies in the delays that protract the examination process, and part in the Copyright Office's occasionally evident "Patent Office mentality" of resolving doubts against applicants.

It is beyond the scope of this analysis, and perhaps beyond the purview of our Committee, to weigh the costs and benefits of the Copyright Office examination process, much less to propose alternatives. Taking, as it must, that the current examination process is a fact of life, the only conclusion that this analysis can reach is that section 411(a)'s requirement that copyright owners traverse a Copyright Office examination as a condition to vindicating their claims in court is entirely without justification.

WORKING PAPER #2a

Jaszi, Peter

June 20, 1993

M E M O R A N D U M

TO: Paul Goldstein
FROM: Peter Jaszi
DATE: June 20, 1993
SUBJECT: The case for 411(a)

It's easy enough to recite the various purposes which 17 U.S.C. 411(a) doesn't serve. Since it fails to encourage early registration, it doesn't contribute systematically to the development of a comprehensive record of copyrighted works, nor does it provide a "distant early warning" system by which users can ascertain which works are regarded as particularly valuable by their owners. But this isn't to say that it is without any value.

Of course, even in the absence of 411(a), most litigants-to-be would have a strong motivation to register voluntarily, so long as they can receive the evidentiary benefit of 410(c). If 411(a) has any importance, then, it must be as to those copyright claims which, for one reason or another, a putative copyright owner might have reason not to submit for examination prior to commencing litigation. As to some of these, the arguable defect which examination might reveal is technical one -- perhaps a failure to comply with pre-1978 formalities. But as time passes and the law of copyright becomes less technical, there will be fewer and fewer of these, and although some (like problems of national origin) will remain, ferreting them out in advance of litigation hardly seems important enough to justify the burden imposed by the 411(a) requirement.

However, not all doubtful copyright claims are vulnerable on what I have been calling technical grounds. Some, by contrast, are open to question because they challenge settled notions of what is, and what isn't, the proper subject-matter of copyright protection. Copyright law defines not only what's in the universe of protected works, but also -- and equally importantly -- what isn't. Policing the boundaries of copyright is an important function, and it may or may not be one which should be left exclusively to the courts.

In essence, the argument for 411(a) is that it is a good thing to have a mechanism by which copyright claims which are to be asserted in litigation are first exposed to some form of administrative scrutiny -- and, by extension, that the existence of such a mechanism operates to discourage the assertion of claims which lack a firm foundation in settled rules of copyrightability. As Ben Kaplan noted in his 1960 Copyright Revision Study (at p. 41), "[t]he fact that applications are officially examined puts a certain pressure on claimants to examine and attempt to comply with the law before attempting registration." And, one might add, it also creates some pressure not to assert certain kinds of dubious claims at all.

Obviously, the recent history of practice in the Copyright Office offers examples of instances in which Copyright Office registration review seems to have failed to serve this (or any other) useful function: the long-running saga of Atari v. Oman is a case in point, and every copyright practitioner can cite examples of his or her own.

But there are other examples, of a different tendency, as well. For instance, it is arguable that the activities of the Copyright Office in reviewing claims to registration have been instrumental, over the years, in holding the line on the "useful articles" doctrine -- a limitation on copyrightability which courts have often found incomprehensible, unsympathetic, or both. Whether one approves of this limitation on copyrightability (or any other) is beside the point for the purposes of this argument. Like it or not, it is part of the law of copyright (until Congress decides otherwise), and administrative expertise may play an important part in maintaining its vitality. In fact -- and the point may be an important one -- the role of the Copyright Office has not only been to place barriers in the way of particular claimants but (in so doing) to educate the courts on abstruse issues of copyrightability.

Similarly, the Copyright Office has a role to play, at least potentially, screening out claims of protection in data compilations which are clearly inappropriate in the light of Feist. Undoubtedly, we could multiply examples of areas in which the office, through 411(a) review, could help to implement various aspects of the law of copyrightability. Here, it is worth noting that although the actual examination of claims under 411(a) is performed by examiners whose legal sophistication varies, there seems to be no reason (at least in principle) why they could not receive clear direction as to the kinds of claims to which special scrutiny should be applied, and the bases on which they should apply it.

I may not entirely share your confidence in the ultimate "self-righting" character of American copyright jurisprudence, as the courts develop and apply it. I suspect that many of the inroads on the public domain which have resulted from expanded interpretations of the law of copyrightability are in fact irreversible. But if I were to propose a metaphor for the role that registration and review under 411(a) could helpfully play, it would not be that of King Canute striving to hold back the tide. Obviously, if the general trend in the law of copyrightability is moving in a certain direction, there is nothing the Copyright Office can -- or should do -- to resist it in the long run. Rather, I would prefer the more modest metaphor of the flywheel -- a modest, useful piece of equipment which moderates extreme fluctuations in the speed of the machinery to which it is attached. Even if one believes that the courts will always achieve a truly fair balance between proprietors and users in the end, there may be reason to preserve an administrative mechanism which could help assure that -- in the meantime -- some rough measure of equilibrium would be preserved.

WORKING PAPER #3

M E M O R A N D U M

**Levine, Arthur, and
Charles D. Ossola**

To: ACCORD Members

Date: July 9, 1993

From: Arthur J. Levine
Charles D. Ossola

Considerations Favoring the Repeal of Section 412

At the request of the ACCORD co-chairs, this memorandum sets forth the arguments and considerations warranting the repeal of section 412 of the Copyright Act. As all of you know, section 412 was enacted for the first time as part of the 1976 Copyright Act, and was intended to operate as an incentive for copyright owners to register their works and thereby make them available to the Library of Congress for its collections.

Whatever effect section 412 may have had as an incentive to registration (an effect difficult to determine since no data exists on what motivates copyright owners to register, and since section 412 operates in combination with other provisions of the Act which are also intended to be incentives to registration), it has had a profoundly adverse effect on the ability of individual authors (by authors we mean authors in the broadest copyright sense of all individual creators and do not confine the term to literary authors) and small copyright owners to protect their copyrights. It has done so by denying to many, if not most, individual authors and small copyright owners two remedies which, in this day and age, are critically important in copyright infringement litigation: entitlement to elect statutory damages (up to \$100,000 per work infringed) in lieu of actual damages and the defendant's profits; and eligibility for recovery of attorneys' fees if the copyright owner prevails in the litigation. In the absence of these remedies, enforcement of copyrights is, in the vast majority of cases, simply not

economically feasible, and infringers can simply continue their illegal activity with impunity.

We believe that a reasoned analysis of the alleged benefits and demonstrable adverse effects of section 412 should lead ACCORD to recommend to the Librarian that the provision be repealed, as proposed by the Copyright Reform Act. We further propose that ACCORD focus its energies on devising other alternative incentives to registration that do not sacrifice the rights of individual authors and small copyright owners by depriving them of the remedies necessary to protect their rights. The remedies of statutory damages and attorneys' fees are essential now because changes in technology continue to facilitate the possible unauthorized uses of copyrighted works.

While this paper offers a summary of the arguments in favor of repealing section 412, and further attempts to respond to the points raised by defenders of the provision, it is primarily intended to stimulate and facilitate a full debate of the issues associated with section 412 at our upcoming meeting.

A. The Remedies of Statutory Damages and Attorneys' Fees.

1. Statutory Damages.

The remedies available to copyright owners are set out in Chapter 5 of the statute. Among the remedies specified there are statutory damages, which the copyright owner may elect at any time before judgment is entered in lieu of actual damages and profits. 17 U.S.C. § 504(c). The breadth of this election is such that copyright owners can await a jury verdict on actual damages and profits, and then if not satisfied elect statutory damages instead. The range of statutory damages specified in the statute is \$500 to \$20,000 for all infringements of any one work, and can be set anywhere in that range "as the court considers

just." 17 U.S.C. § 504(c)(1). If the infringement is willful, the award of statutory damages can be increased to a maximum of \$100,000 per work infringed. 17 U.S.C. § 504(c)(2).

While the court must award statutory damages to a copyright owner who prevails in an infringement action, it is granted broad discretion, as noted above, to fix the actual award within a wide range. The statute further invests the court with the discretion to reduce the statutory damages award to not less than \$200 if it finds that the infringement was committed innocently, and indeed, under limited circumstances can remit statutory damages entirely.

2. Attorneys' Fees.

Section 505 of the Act gives federal courts the discretion to award "a reasonable attorney's fee" to the prevailing party in any civil action brought under Title 17. 17 U.S.C. § 505. It does not require the court to award attorneys' fees to the prevailing party, nor does it entitle the copyright owner to any absolute right to recover those fees. It similarly does not dictate the amount of the fees that should be awarded. Thus the courts are given the greatest of flexibility in awarding attorneys' fees as they see fit and in amounts they deem just.

Not surprisingly, courts have exercised this discretion in different ways. It is fair to say, as a broad generalization, that most federal courts do award attorneys' fees to copyright owners who prevail in an infringement cases. Copyright owners who are considering litigation know that an attorneys' fees award is likely if they prove liability, and equally as important, so do defendants who are considering the risks of defending their actions. It is also fair to say, however, that few copyright plaintiffs recover the full amount of their attorneys' fees, and thus the calculus of the likely recovery should not presume that

all of those fees will necessarily be recovered even if the plaintiff wins. But the knowledge that at least some, often a substantial portion, of the plaintiff's fees will be paid by a defendant plays a crucial role in settlement negotiations -- where the plaintiff has the ability to recover those fees at all, which is where section 412 comes into play.

Defendants, on the other hand, cannot count on recovering their attorneys' fees even if they prevail at trial. On this question the circuits are divided, and the Supreme Court just a few weeks ago agreed to resolve the split in the case of Fogerty v. Fantasy, No. 92-1750 (cert. granted June 21, 1993). In some circuits, including the Ninth where the Fogerty case was decided, prevailing defendants must show that the plaintiff's action was frivolous or was brought in bad faith in order to recover attorneys' fees under section 505. In other circuits, the defendant need not make such a showing in order to receive an award of attorneys' fees, and can recover fees based on the same standard as is applicable to prevailing plaintiffs. The Supreme Court will now decide whether the Ninth Circuit's "frivolous or bad faith" standard is the proper standard to be applied to an award of attorneys' fees to prevailing defendants under section 505.

B. Section 412 Is a Condition Precedent to the Availability of These Remedies.

Looking at only Chapter 5 of the Act, where the remedies available to copyright owners are spelled out, one might conclude that all of the enumerated remedies are available to all copyright owners -- available in the sense that all copyright owners are eligible to ask the court to grant those remedies. This universal availability does in fact exist with respect to injunctive relief, and for recovery of actual damages and the defendant's profits. But it does not exist in the case of

statutory damages and attorneys' fees. Eligibility for those remedies is subject to special conditions that are found in Chapter 4, which deals with copyright notice, deposit and registration. Those conditions are prescribed by section 412, which, subject to certain exceptions mentioned below, requires the copyright owner to have registered his or her work before infringement commences, or in the case of published works, within three months of first publication, in order to be eligible to receive an award of statutory damages or attorneys' fees. 17 U.S.C. § 412(1), (2).

This condition precedent is not required of all copyright owners. Pursuant to the Visual Artists Rights Act of 1990, authors of certain works of visual art who prevail in an action alleging violation of their rights of attribution or integrity under section 106A (a) do not have to possess a prior registration in order to receive statutory damages and attorneys' fees. 17 U.S.C. § 412 ("In any action under this title, other than an action brought for violation of the rights of the author under section 106A (a)....). Indeed, such authors do not have to register their works at all in order to maintain an action for violation of section 106A in a federal court. 17 U.S.C. § 411(a).

Similarly, in the case of live transmissions fixed for the first time simultaneously with their transmission, copyright owners who comply with certain requirements need not possess a prior registration, or any registration at all, before claiming entitlement to statutory damages and attorneys' fees under the Act. 17 U.S.C. § 411(b).

C. Section 412 Should Be Repealed.

There are several compelling reasons why section 412 should be repealed. They include the following:

1. Section 412 Deprives Individual Authors and Small Copyright Owners of the Remedies Needed to Protect Their Copyrights.

In practice, statutory damages and attorneys' fees are not "extraordinary" remedies, as proponents of section 412 proclaim, but rather are indispensable both to the initiation of an infringement claim and to the achievement of a just result. Both remedies were available to all copyright owners under the law before the 1976 revision. Registration prior to infringement as a condition precedent to these remedies is "extraordinary" under the current law. Copyright practitioners who have represented individual authors and small businesses in infringement matters know from experience that unless these remedies are available, the costs of litigation are simply prohibitive for most copyright owners. Even if the objective of the copyright owner is merely to stop the infringement, most individual authors and small copyright owners cannot afford to seek that remedy without the prospect of recovering the costs of the litigation.

Unfortunately, however, section 412 cuts off these remedies for most authors and small copyright owners, as the testimony before Chairman Hughes' subcommittee established. Trade associations of photographers, visual artists and newsletter publishers testified that their members do not routinely register their works at all, much less do so in a timely fashion.^{1/} Individual authors and small copyright owners lack the time, staff and resources to register their works (which for a single photographer may number in the thousands in but one year) at all. They find it virtually impossible to do so under the stringent time constraints imposed by section 412 based on the possibility that one of their works may be infringed in the future.

^{1/} One of the authors of this paper (Ossola) represented the American Society of Media Photographers at that hearing.

As a result, authors and small copyright owners find themselves faced with infringements that cannot, as a practical matter, be prosecuted, for one overriding reason: the costs of bringing the action will be borne entirely by the copyright owner, and the ability to prove substantial actual damages or profits attributable to the infringement is often limited. In short, the costs of the litigation will, absent recovery of attorneys' fees and/or statutory damages, far exceed the amount in controversy. More important, perhaps, the costs of the litigation will most often exceed the available resources of the copyright owner. The result is predictable: no enforcement action can be brought, and the infringer cannot be stopped.

It is not inconceivable to imagine the following scenario. A publisher in the East hires a freelance photographer to photograph the floods in the Midwest. The photographer and the publisher agree on a set fee for the photographs. The publisher wants the photos immediately. The photographer sends back several hundred shots from which the publisher selects five for publication. An unscrupulous employee of the publisher steals all of the other unpublished photographs and distributes them to other newspapers. The photographer who is slogging his way through the streets of Davenport, Iowa is not likely to be thinking that he had better send a set of prints (which he no longer possesses) to the Copyright Office for registration or he will not be entitled to statutory damages or attorneys' fees. Our photographer is told by an attorney that he is likely to prevail in a copyright infringement action. He also tells the photographer that he can expect to collect damages in a fraction of what he will pay to bring a lawsuit. Faced with this economic reality, the photographer has little choice other than to drop the matter entirely.

2. Most Individual Authors and Small Copyright Owners Know Nothing About Section 412, and Find Out About Its Requirements Only When It Is Too Late.

Section 412 operates particularly unfairly with respect to individual authors and small copyright owners because they are generally unaware of the timely registration requirements of that provision, and do not appreciate in advance of an infringement the importance of having statutory damages and attorneys' fees available to them. Proponents of section 412 may argue that ignorance is no excuse, but reality rather than rhetoric should be controlling here. It does not advance the inquiry to claim that copyright owners should be aware of the requirements of section 412, and should act to protect their interests by investing enormous time, energy and resources in timely registration.

The facts are that individual authors and small copyright owners do not have copyright counsel on staff, and indeed have no staff at all. Many of them do not know what the copyright law provides, and unfortunately some still believe that a copyright is "acquired" only if it is registered (it is telling that despite that belief, many of those who hold it do not register in any event). As a result, they find out about the requirements of section 412 only after the fact, when they consult a competent copyright lawyer upon discovery of an infringement. One of the first questions that the lawyer will ask the copyright owner is: "Do you have a registration, and was it obtained (or at least applied for) before the infringement began?" The answer, almost always, is no to both questions, and then the copyright owner is told that he or she cannot recover statutory damages or attorneys' fees. The all-too-frequent outcome is that a legitimate copyright claim will not be pursued because the copyright owner simply lacks the remedies necessary to make pursuit of the claim viable. Even if the author wants to press

an infringement claim, he will have difficulty just finding a lawyer to represent him except in the rare circumstance where the defendant's profits earned from the infringing activity make a contingency arrangement with the lawyer attractive. Section 412 indeed provides a "license to steal".

3. The Publishers' Threat to Stop Registering their Works If Section 412 is Repealed, Even If Taken At Face Value, Confirms that Attorneys' Fees and Statutory Damages Are Indispensable.

At our initial meeting, it was suggested that publishers would cease registering their works if section 412 were repealed. If that is true, then the publishers themselves are implicitly acknowledging the overriding importance of the two remedies that most individual authors and small copyright owners must do without because of section 412.

The publishers apparently believe that section 412 is such a strong incentive to register that its removal would eliminate the principal reason why they register now -- to insure the availability of statutory damages and attorneys' fees. One can only conclude, therefore, that the publishers regard these remedies as indispensable to the effective protection of their copyrights, for they are willing (so they say) to register simply to preserve the availability of those remedies. If these remedies available only upon compliance with section 412 are so important to publishers that they are willing to invest the time and resources in registration to secure them, they have in effect conceded that statutory damages and attorneys' fees are indispensable to all copyright owners. That is a point on which all parties appear to agree, and it fully comports with the facts elicited at the recent hearings and with the experience of copyright litigators.

4. Proponents of Section 412 Seek to Evade Liability and Damages for Infringements.

Elimination of section 412 would not guarantee the recovery of statutory damages or attorneys' fees by copyright owners who prove that an infringement has been committed. Rather, it would simply make all copyright owners eligible to seek and obtain those remedies. But that is precisely what the proponents of section 412 seek to avoid; they do not want copyright owners to be eligible for these remedies, because if they are, the effects may be felt in the pocketbooks of those found liable for infringement. Indeed, proponents of section 412 are fully aware that many copyright claims are not asserted at all because of that provision, and they prefer it that way. They know that the repeal of section 412 will require them to defend, and most often settle, meritorious copyright claims that they are now free to ignore because of the lack of meaningful remedies.

Proponents of section 412 are particularly anxious to avoid liability for the prevailing plaintiff's attorneys' fees. Regardless of the actual damages in dispute, or the likely amount of statutory damages that can be recovered, they know that the plaintiff's attorneys' fees are usually substantial. They also know that they will probably have to pay some or all of them if held liable for infringement, especially if that infringement is determined to be willful.

At bottom, the proponents of section 412 are motivated by a concern for their pocketbooks. They prefer the status quo, where many infringement claims are never pursued, and thus need not be defended. They seek to avoid having to defend those claims, and to pay out the settlements and judgments that will result from at least some of them. They do not want to empower authors and small copyright owners to protect and enforce their

rights, for fear that they will pay the price of being held accountable for infringements.

Proponents of section 412 may argue in their defense that the availability of statutory damages and attorneys' fees to all copyright owners will encourage frivolous or unmeritorious litigation. That prediction is unfounded. Statutory damages are awarded only to prevailing plaintiffs, and then only in an amount deemed just by the court. Attorneys' fees are awarded only to prevailing plaintiffs, if the court determines that an award is appropriate, and the amount of that award is determined by the court in the exercise of its discretion. Thus a copyright plaintiff who loses an infringement suit cannot claim the benefit of these remedies, and a defendant confident of his or her position need not fear them. Moreover, a copyright owner who brings a frivolous lawsuit will not only be denied recovery of statutory damages and attorneys' fees, he or she will likely be required to pay the defendant's attorneys' fees -- a prospect that cannot be and is not ignored by copyright owners considering litigation.

* * * *

We look forward to debating these issues at our upcoming meeting.

A.J.L.
C.D.O.

Baumgarten, Jon and
Peter Jaszi

July 12, 1993

WHY SECTION 412 SHOULD BE RETAINED

I. Introduction. The remedies of statutory damages and attorneys' fees are, under current copyright law, generally available to a copyright owner who prevails in an infringement action only where the infringement commenced after registration of the claim to copyright and in certain other instances where registration and infringement occurred soon after publication of the infringed work.¹ The law as it now stands thus favors those who promptly assert their rights by placing a claim to copyright on the public record. This provision was originally characterized as "a cornerstone of... the registration sections... and of the provisions on infringement and remedies."²

Indeed, § 412 appeared early in the revision process and was accepted or endorsed by government and private sector interests throughout the lengthy, detailed, and carefully considered

¹ See exceptions in 17 U.S.C. 411 (a) & (b) (VARA; transmissions). Attorneys' fees are rather routinely awarded to prevailing plaintiffs. Defendants may, in circumstances that vary among the circuits but are commonly not routine, be able to obtain attorneys' fees from an unsuccessful plaintiff. The Supreme Court has recently agreed to decide whether this seeming or alleged asymmetry conflicts with the neutral appearing language of the copyright law: "In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs."

² Part 6 -- Supplementary Report of the Register of Copyrights On the General Revision of the Copyright Law: 1965 Revision Bill (May 1965), 125.

Although statutory damages and attorneys' fees, as such, were not technically subject to a precondition of registration prior to the 1976 Act, it is not really accurate to view this as an entirely new provision or as a deprivation of prior rights, because: (a) these remedies were generally not available to unpublished works (except to a limited class of unpublished material which secured federal protection by registration) and (b) registration was de facto, if not de jure, induced by a variety of considerations in any event under prior law (See, e.g., Nimmer, Copyright, § 92.33 at 351 & fn. 322, 323 [reviewing reasons to promptly register notwithstanding Washingtonian][prior law; treatise page dated "1965" {?}]).

revision program.³ Certainly, this section is not immune to reconsideration; but this history confers a presumption of legitimacy and reasonableness that should not be lightly or hastily cast aside.

II. § 412's Effects on the Library, Academic, Scholarly, and Business Communities. § 412 has had the salutary effects of amplifying the records of and adding to the collections of the Library of Congress; it is a powerful, working, inducement to copyright registration and to deposit of works with the Library. Each of these consequences is important:

- A. **Deposited copies** of, and identifying material pertaining to, works both create a substantial intellectual-cultural-entertainment archive and a centralized resource for academic, scholarly, and business researchers' access to the historical and cultural record.
- B. The **registration records** provide a valuable data base available to large and small participants⁴ in the copyright marketplace by:
 1. Identifying and permitting correspondence with potential vendors or licensors, and other parties claiming interest in works;
 2. Helping establish the status of and interest in myriad books, movies, musical compositions, and untold other works; and
 3. Providing resource material for authors of new compendia, catalogues, indices and the like, which in turn are used by other scholars, researchers, businesses, and institutions.

The fact that these collections and records may be incomplete when measured against the entire universe does not detract from their value; indeed, a meaningfully diminished system would be a great loss to our national library, the Congress, and other users and corresponding institutions. Unproven, untried, theoretical "alternatives" hence impose

³ Section 412 was also reconfirmed during legislative consideration of modifications to the Copyright Act in connection with U.S. adherence to the Berne Convention in 1988.

⁴ In many cases, it is the "small" user -- individuals and small businesses -- who seek access to these materials to locate information and make decisions without the need to engage "expert" or legal advice.

considerable risk to important values well served by a working system.

III. § 412's "Non-Archive/Non-Collection" Effects. In addition to the collection-archive considerations set out above, there is another equally important reason to retain § 412: It strikes a necessary and appropriate balance in relation to the inhibitory potential of copyright infringement claims on the creation, publication, and other dissemination of works and the ideas they contain. These inhibitory considerations are not limited to publishers, producers, and other entrepreneurs; they fall as well, and emphatically, upon individual authors and scholars whose pocketbooks and reputations are put at risk, and who must act according to their own sense of caution as well as in response to the concerns of their publishers and producers. It is thus wrong to view the debate over § 412 as one between individual authors, on the one hand, and business entities, on the other. It is also very wrong to view this as a dispute between "big" and "small" interests. Indeed, universal availability of statutory damages and attorney's fees, in the absence of § 412, might pose a greater threat to "small" entities (and individuals) facing infringement claims, who can ill afford exposure to such risks. Much of the contention one can anticipate in the aftermath of the abolition of § 412 might well take the form of claims by one "small" entity against another.

It must be emphasized that § 412 does not condition injunctive relief or recovery of actual damages or profits on registration. These remedies (and the right to institute litigation) are unaffected by § 412. This section is limited to recovery of statutory damages (those available even without or in excess of adequate proof of actual damage) and attorney's fees. These special remedies are not unique to the Copyright Act; however, they are unusual and are not common attributes of American law -- in that sense they are "extraordinary." It is appropriate, then, to require those seeking such special remedies, and imposing the inhibition noted above, to publicly make a record of their claim and active interest in a work,⁵ as

⁵ Section 412 was in large part responsive to the reduced copyright formalities under the 1976 Act. It is even more important today because of the subsequent elimination of mandatory notice and renewal. If § 412 is repealed, the last vestige of the "claim-staking" that Congress considered so important in 1976 will have disappeared. See H.R. Rep. No. 1476, 94th Cong., 2d. Sess. 158 (1976) (unpublished works should not be given special statutory remedies "unless the owner has, by registration, made a public record of his copyright claim"; published works, of course, were subject to "claim-staking" by copyright notice).

(continued...)

well as to contribute to the registry and collections referred to above.

Elimination of § 412 will clearly lead to increased copyright contention⁶; indeed, its avowed purpose is to facilitate litigation. This contention and litigation will be various types, all made increasingly attractive by the availability of special remedies, cost-free⁷, upon elimination of § 412: meritorious claims, frivolous claims, "strike suits" and "gotcha" (i.e. surprise) actions, and claims with no real commercial or reputational motivation. The other side of the same coin is that authors and entrepreneurs will face enhanced vulnerability.

In assessing these consequences the following context must be taken into account:

- * Even with § 412 in place, copyright litigation has exploded in volume over the past 20-30 years. The

⁵(...continued)

The tradition of removing something from the public domain by staking a publicly perceptible claim is a bedrock of much American property law. In New England, the conversion of the commons (township-owned land available for anyone's herd to graze) to the close (fenced and posted private property) has been the subject of much scholarly work, as have the Oklahoma and other land rushes in which the staking of a claim to previously commonly held property made it personal to the claimant. See, e.g., Coggins, *The Law of Public Rangeland Management II: The Commons And the Taylor Act*, 13 *Envtl. L.* 1 (1991); Hardin, *The Tragedy of the Commons*, 162 *SCIENCE* 1243 (1968); and Singer, *Legal Theory: Sovereignty and Property*, 86 *Nw. U.L. Rev.* 1 (1991). Even today, criminal sanctions for trespass are available only against those who trespass on posted land (with only limited actual damages available from those who trespass on unposted property. See Pointec v. State, 614 So.2d 570 (Fla. App. 1993) and Evans v. State, 493 N.E.2d 806 (Ind. App. 1986).

⁶ We have consciously preferred the term "contention" to the limiting term "litigation." We believe that a principal impact of the elimination of § 412 will be in its effect on behavior outside the courtroom, i.e., willingness to make reasonable but debatable decisions to publish or disseminate, and tendencies to settle.

⁷ These remedies will be cost-free in the sense that those claiming them will not pay any public policy price now charged: contributing to the national collection and registry, and serving the purpose of public notice or "claim-staking."

histogram in Appendix A reflects the number of reported cases in which the phrase "copyright infringement" (or a close permutation thereof) appears in each of the last six decades, together with an estimate for the 1990s. The dramatic growth in suits in the 1980s and 1990s shows no sign of abating.

- * There is very little fixed information or expression that is not copyrightable (including, for example, letters, diaries, scribbles, recordings of conversations, minutes, notes, snapshots, manuscripts, drafts, sketches, credit reports, and an untold amount of additional material that is the "stuff" of scholarship, research, arrangement, pastiche, satire, and all other forms of creative work).⁸
- * Upon elimination of § 412, the formal indicia of ownership and claims of rights will be substantially diminished if not eliminated.
- * Copyright infringement may be proved by circumstantial evidence without ever showing that an accused author actually copied another's material.
- * Many works -- including scientific works, historical works (such as biographies and historical novels), textbooks, genre films, software, music in popular formats, and art works and photographs depicting particular subjects - necessarily are similar in some respects, thus increasing the likelihood that a copyright claim -- whether well-founded or not -- might be threatened.

As indicated earlier, § 412, limited to special remedies and having public policy and public record underpinnings, balances all of the foregoing. That balance may, in particular cases or even in respect to particular groups, be imperfect. In those events, however, the current copyright law grants great latitude to the Copyright Office to accomplish by regulation most of the ends sought by those having legitimate concerns under the current system. Procedures like deposits of "identifying material" rather than a copy of a work, and group registrations of related works and unpublished collections, can provide relief to photographers, graphic artists, and others for whom the current system is too expensive, burdensome, or physically impossible to

⁸ For multimedia and other new information technologies, these concerns may be of particular pertinence.

comply with.⁹ There is no reason to eliminate a carefully crafted statutory provision when far less drastic measures will benefit those now aggrieved while maintaining a valuable balance.

-- Jon Baumgarten and Peter Jaszi*

⁹ Of all problems put forward by photographers and graphic artists during the hearings on H.R. 897, it appears that all can be addressed through administrative action, except for the alleged inadequacies of the three-month grace period. If those alleged inadequacies are well-founded, they can be met by a carefully measured legislative response to a defined problem, without wholesale dismantling of § 412 and its values.

* Christopher Meyer contributed to the preparation of this draft.

APPENDIX A

Reported Copyright Cases per Decade"
(* = 50 cases)

1930s (205)	****
1940s (326)	*****
1950s (300)	*****
1960s (439)	*****
1970s (682)	*****
1980s (1837)	*****
1990s (2873 (est.))	*****

" Assumptions underlying the histogram include (a) that judges' use of the target phrase in non-copyright cases has not proportionately changed over time (there seems no reason why this should be incorrect), (b) that, notwithstanding recent trends of ever faster growth, cases from 1990 through 1992 represent precisely 3/10 of the present decade's cases (thus the estimate for the 1990s is likely understated), and (c) that the proportion of all cases whose decisions are reported has remained constant over time (this is likely untrue, given the advent since the 1930's of USPQ, the CCH Copyright Law Reporter, and, most importantly, LEXIS and WESTLAW; the upward bias is likely rather small, however, given that most published copyright opinions continue to appear in F.2d and F. Supp.).

M E M O R A N D U M**Jaszi, Peter
July 12, 1993****TO: ACCORD
FROM: Peter Jaszi
DATE: July 12, 1993
SUBJECT: Section 412**

If the law of copyright is a law of "users' rights" (in Ray Patterson's phrase) as well as a law of "authors' rights," we need to take care when we consider disturbing settled arrangements which accomplish some measure of accommodation between the interests of these two groups. As Jon Baumgarten's and my draft memo of this date tries to show, § 412 appears as anything but an aberration when it is viewed in historical perspective. In fact, it represents the last trace of one of our system's most enduring, and perhaps most endearing, characteristics. From its beginnings, American copyright always has provided copyright owners with mechanisms for marking off those works which they regard as being of special importance or special value, and with special incentives to do so. With the demise of mandatory copyright notice and mandatory renewal, registration is the last such mechanism, and § 412 is the principal incentive which promotes it..

Section 412 represents a trade-off for copyright owners: better remedies in exchange for compliance with statutory conditions. When a registration which satisfies § 412 has been made, a copyright plaintiff may seek a full range of remedies, including statutory damages and attorneys' fees. When it has not, fewer (and generally lesser) remedies are available and -- as a result -- the motivation to litigate may be less. The § 412 trade-off, however, is far from being merely an imposition on copyright owners. To the contrary, it helps the individuals and firms Alan Latman used call "respectable users" -- a class which may include publishers, teachers, biographers and other scholars, fiction writers, and others -- to plan their affairs and thus to make their own contributions to the "progress of science and the useful arts."

We exist today in a cultural environment in which practically every form of symbolic or graphic expression is the someone's "work of authorship." As copyright becomes more and more ubiquitous, an old truth takes on new practical importance: new copyrighted works cannot be produced without making at least some use of existing ones. Sometimes, of course, licensing is the solution to the dilemma of the "respectable user." And sometimes it is not. Further complicating matters is that fact that not all uses are infringements, though they are likely to be viewed as such by copyright owners. In the situations where a license may be unavailable, or the transaction costs associated with securing it may be excessive, the existing scheme of the Copyright Act provides the respectable user with some indication of what uses of preexisting works to avoid under all circumstances -- and of what uses, on the other hand, it may be reasonable to undertake in the good faith belief that they are legally justified.

These arguments for the retention of § 412, and others related to them, are detailed at greater length in Jon's and my draft memo. In what follows here, I want to describe another set of concerns. In some respects, these concerns are distinct from the ones I've just summarized, but in one particular respect they are closely related: they go to the issue of whether a copyright law without § 412 will function effectively to maintain the balance between "authors' rights" and "users rights."

The existing judge-made rules for the award of attorney's fees under § 505 of the Copyright Act are not without their peculiarities. In effect, the law in most circuits with respect to copyright cases is effectively a "English rule for prevailing plaintiffs" (with a virtual presumption that some award will be made to a prevailing plaintiff), and a "near-American rule for prevailing defendants" (with a presumption against award of any fees in absence of a showing the plaintiff's claim was frivolous or baseless). The Supreme Court, in granting review in the case of Fantasy, Inc. v. Fogerty (No. 92-1750, 6/21/93) may have recognized the potentially problematic nature of this approach to applying § 412. Until such time as the situation is corrected by judicial or legislative action, the effect of repealing § 412 would be to amplify the existing imbalance.

It seems likely that the extension of the skewed hybrid approach to the award of attorney's fees to all copyright litigations would have the effect of chilling defendants' litigation of meritorious defenses, the assertion of which is important in maintaining the delicate balance between proprietors' and users' interests in our copyright system. See Jaszi, "505 and All That -- The Defendant's Dilemma," 55 Law and Contemporary Problems 107 (1992). For under the present regime, in any case where attorney's fees may be available to a plaintiff, a responsible lawyer must advise the prospective defendant that even clear-cut victories may be a pyrrhic ones, financially speaking. Successful invocations of the "fair use" defenses don't generally merit awards of attorneys' fees, even though unsuccessful ones often lead to awards of fees against the defendant. To cite another example, it is noteworthy that the successful defendant in the case of Rural Telephone Service Co., Inc. v. Feist Publications, Inc., whose decision to litigate rather than settle contributed significantly to the clarification of copyright doctrine, ultimately was denied attorneys' fees by the district court. CCH Copyright Law Rept'r ¶127,035 (1992). Under the circumstances, settlement will usually be the most desirable solution for the defendant who can achieve it, with the result that important issues may go without the judicial consideration they deserve.

The reference here is to the conventional distinction between the common-law "American rule" on awards of attorney's fees, under which prevailing parties ordinarily do not recover the costs of counsel, and the "English rule" under which they routinely do.

WORKING PAPER #5

**Donegan, Kathy
July 12, 1993**

**A Survey of Federal Statutes Providing Attorney's Fees
By: Kathy Donegan**

**2 U.S.C. [Chapter 23. Government Employee Rights.] § 1209.
Judicial review.**

(d) Attorney's fees. If an employee is the prevailing party in a proceeding under this section, attorney's fees may be allowed by the court in accordance with the standards prescribed under section 2000e-5(k) of Title 42.

**2 U.S.C. [Chapter 23. Government Employee Rights.] § 1219.
Presidential appointees.**

(a) In general.

(3) Judicial review.

(D) Attorney's fees. If the presidential appointee is the prevailing party in a proceeding under this section, attorney's fees may be allowed by the court in accordance with the standards prescribed under section 2000e-5(d) of Title 42.

**2 U.S.C. [Chapter 23. Government Employee Rights.] § 1220.
Coverage of previously exempt State employees.**

(e) Attorney's fees. If the individual referred to in subsection (a) of this section is the prevailing party in a proceeding under this subsection, attorney's fees may be allowed by the court in accordance with the standards prescribed under section 2000e-5(k) of Title 42.

7 U.S.C. [Chapter 56. Unfair Trade Practices Affecting Producers of Agricultural Products] § 2305

(c) Suits by persons injured; federal jurisdiction; amount of recovery; amount of recovery; attorneys' fees; limitation of actions. Any person injured in his business or property by reason of any violation of, or combination or conspiracy to violate, any provision of § 4 of this Act [7 U.S.C. § 2303] may sue therefor in the appropriate district court of the United States without respect to the amount in controversy, and shall recover damages sustained. In any action commenced pursuant to this subsection, the court may allow the prevailing party a reasonable attorney's fee as a part of the costs. Any action to enforce any cause of action under this subsection shall be forever barred unless commenced within two years after the cause of action accrued.

**7 U.S.C. [Chapter 57. Remedies for Infringement.] § 2565.
Attorney fees.**

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

8 U.S.C. [Chapter 12. Immigration and Nationality.] § 1324b. Unfair immigration-related employment practices.

(h) **Awarding of attorney's fees.** In any complaint respecting an unfair immigration-related employment practice, an administrative law judge, in the judge's discretion, may allow a prevailing party, other than the United States, a reasonable attorney's fee, if the losing party's argument is without reasonable foundation in law and fact.

(j) **Court enforcement of administrative orders.**

(4) **Awarding of attorney's fees.** In any judicial proceeding under subsection (i) [Review of final orders] of this section or this subsection, the court, in its discretion, may allow a prevailing party, other than the United States, a reasonable attorney's fee as a part of costs but only if the losing party's argument is without reasonable foundation in law and fact.

11 U.S.C. [Chapter 3. Case Administration] § 330. Compensation to officers.

(a) After notice to the parties in interest and to the United States trustee and a hearing, and subject to §§ 326, 328, and 329 of this title, the court may award to a trustee, to an examiner, to a professional person employed under § 327 or 1103 of this title, or to the debtor's attorney --

(1) reasonable compensation for actual, necessary services rendered by such trustee, examiner, professional person, or attorney, as the case may be, and by any paraprofessional persons employed by such trustee, professional person, or attorney, as the case may be, based on the nature, the extent, and the value of such services, the time spent on such services, and the cost of comparable services other than in a case under this title; and

(2) reimbursement for actual, necessary expenses.

15 U.S.C. [Chapter 22. Trademarks.] § 1116. Injunctive relief.

(d) **Civil actions arising out of the use of counterfeit marks.**

(11) A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee. The court in its discretion may award prejudgment interest on relief recovered under this paragraph, at an annual interest rate established under section 6621 of Title 26, commencing on the date of service of the claimant's pleading setting forth the claim under this paragraph and ending on the date such recovery is granted, or for such shorter time as the court deems appropriate.

15 U.S.C. [Chapter 22. Trademarks.] § 1117. Recovery for violation of rights.

(a) Profits; damages and costs; attorney fees. When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under § 1125(a) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of §§ 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

15 U.S.C. [Chapter 41. Consumer Credit Protection.] § 1691e. Civil liability.

- (a) Individual or class action for actual damages.**
- (b) Recovery of punitive damages in individual and class action for actual damages; exemptions; maximum amount of punitive damages in individual actions; limitation on total recovery in class actions; factors determining amount of award.**
- (c) Action for equitable and declaratory relief.**
- (d) Recovery of costs and attorney fees.** In the case of any successful action under subsection (a), (b), or (c), the costs of the action, together with a reasonable attorney's fee as determined by the court, shall be added to any damages awarded by the court under such subsection.

15 U.S.C. [Chapter 41. Consumer Credit Protection.] § 1691m. Civil liability.

- (f) Action in bad faith or for harassment; attorney's fees.** On a finding by the court that an unsuccessful action under this section was brought in bad faith or for purposes of harassment, the court shall award to the defendant attorney's fees reasonable in relation to the work expended and costs.

15 U.S.C. [Chapter 47. Consumer Product Safety.] § 2060. Judicial review of consumer product safety rules.

- (a) Petition by persons adversely affected, consumers, or consumer organizations.**
- (c) Jurisdiction; costs and attorney's fees; substantial evidence to support administrative findings.** Upon the filing of the petition under subsection (a) of this section the court shall have

jurisdiction to review the consumer product safety rule in accordance with chapter 7 of title 5, United States Code, and to grant appropriate relief, including interim relief, as provided in such chapter. A court may in the interest of justice include in such relief an award of the costs of suit, including reasonable attorneys' fees (determined in accordance with subsection (f)) and reasonable expert witnesses' fees. Attorneys' fees may be awarded against the United States (or any agency or official of the United States) without regard to section 2412 of title 28, United States Code, or any other provision of law. The consumer product safety rule shall not be affirmed unless the Commission's findings under §§ 9(f)(1) and (f)(3) are supported by substantial evidence on the record taken as a whole.

15 U.S.C. [Chapter 55. Petroleum Marketing Practices.] § 2805. Enforcement provisions.

(d) Actual and exemplary damages and attorney and expert witness fees to franchisee; determination by court of right to exemplary damages and amount; attorney and expert witness fees to franchisor for frivolous actions.

(1) If the franchisee prevails in any action under subsection (a) of this section, such franchisee shall be entitled --

(A) consistent with the Federal Rules of Civil Procedure, to actual damages;

(B) in the case of any such action which is based upon conduct of the franchisor which was in willful disregard of the requirements of section 2802 or 2803 of this title, or the rights of the franchisee thereunder, to exemplary damages, where appropriate, and

(C) to reasonable attorney and expert witness fees to be paid by the franchisor, unless the court determines that only nominal damages are to be awarded to such franchisee, in which case the court, in its discretion, need not direct that such fees be paid by the franchisor.

(3) In any action under subsection (a) of this section, the court may, in its discretion, direct that reasonable attorney and expert witness fees be paid by the franchisee if the court finds that such action is frivolous.

15 U.S.C. [Chapter 62. Condominium and Cooperative Conversion Protection and Abuse Relief.] § 3608. Judicial determinations respecting unconscionable leases.

(d) Remedial relief; matters considered; attorneys' fees. Upon finding that any lease, or portion thereof, is unconscionable, the court shall exercise its authority to grant remedial relief as necessary to avoid an unconscionable result, taking into consideration the economic value of the lease. Such relief may include, but shall not be limited to rescission, reformation, restitution, the award of damages and reasonable attorney's fees and court costs. A defendant may recover reasonable attorney's fees if the court determines that the cause of action filed by the plaintiff is frivolous, malicious, or lacking in substantial merit.

15 U.S.C. [Chapter 62. Condominium and Cooperative Conversion Protection and Abuse Relief.] § 3611. Additional remedies.

(d) Amounts recoverable; defendant's attorneys' fees. The amounts recoverable under this section may include interest paid, reasonable attorneys' fees, independent engineer and appraisers' fees, and court costs. A defendant may recover reasonable attorneys' fees if the court determines that the cause of action filed by the plaintiff is frivolous, malicious, or lacking in substantial merit.

18 U.S.C. [Chapter 119. Wire Interception and Interception of Oral Communications.] § 2520. Recovery of civil damages authorized.

(b) Relief -- In an action under this section, appropriate relief includes --

(1) such preliminary and other equitable or declaratory relief as may be appropriate;

(2) damages under subsection (c) and punitive damages in appropriate cases; and

(3) a reasonable attorney's fee and other litigation costs reasonably incurred.

20 U.S.C. [Chapter 33. Education of the Handicapped.] § 1415. Procedural safeguards.

(e) Civil action; jurisdiction.

(4)(B) In any action or proceeding brought under this subsection, the court, in its discretion, may award reasonable attorneys' fees as part of the costs to the parents or guardian of a child or youth with a disability who is the prevailing party.

25 U.S.C. [Chapter 14. Miscellaneous. Subchapter XXII. Navajo and Hopi Tribes: Settlement of Rights and Interests.] § 640d-27. Attorney fees, costs and expenses for litigation or court action.

(b) Award by court; reimbursement to Secretary. Upon entry of a final judgment in any such litigation or court action, the court shall award reasonable attorney's fees, costs and expenses to the party, other than the United States or its officials, departments, agencies, or instrumentalities, which prevails or substantially prevails, where it finds that any opposing party has unreasonably initiated or contested such litigation. Any party to whom such an award has been made shall reimburse the United States out of such award to the extent that it has received payments pursuant to subsection (a) of this section.

28 U.S.C. [Chapter 40. Independent Counsel.] § 593. Duties of the division of the Court.

(f) Attorneys' fees. --

(1) Award of fees. -- Upon the request of an individual who is the subject of an investigation conducted by an independent counsel pursuant to this chapter, the division of the court may, if no indictment is brought against such individual pursuant to that investigation, award reimbursement for those reasonable attorneys' fees incurred by that individual during that investigation which

would not have been incurred but for the requirements of this chapter. The division of the court shall notify the Attorney General of any request for attorneys' fees under this subsection.

28 U.S.C. [Chapter 121. Juries; Trial by Jury.] § 1875. Protection of jurors' employment.

(d)(2) In any action or proceeding under this section, the court may award a prevailing employee who brings such action by retained counsel a reasonable attorney's fee as part of the costs. The court may tax a defendant employer, as costs payable to the court, the attorney fees and expenses incurred on behalf of a prevailing employee, where such costs were expended by the court pursuant to paragraph (1) of this subsection. The court may award a prevailing employer a reasonable attorney's fee as a part of the costs only if the court finds that the action is frivolous, vexatious, or brought in bad faith.

28 U.S.C. [Chapter 123. Fees and Costs.] § 1927. Counsel's liability for excessive costs.

Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonable and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonable incurred because of such conduct.

28 U.S.C. [Chapter 161. United States as Party Generally.] § 2412. Costs and fees.

(b) Unless expressly prohibited by statute, a court may award reasonable fees and expenses of attorneys, in addition to the costs which may be awarded pursuant to subsection (a) to the prevailing party in any civil action brought by or against the United States or any agency or any official of the United States acting in his or her official capacity in any court having jurisdiction of such action. The United States shall be liable for such fees and expenses to the same extent that any other party would be liable under the common law or under the terms of any statute which specifically provides for such an award.

29 U.S.C. [Chapter 16. Rehabilitation Services Administration.] § 794a. Remedies and attorneys' fees.

(b) In any action or proceeding to enforce or charge a violation of a provision of this title, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

33 U.S.C. [Chapter 18. Longshore and Harbor Workers' Compensation.] § 928. Fees for services.

(a) **Attorney's fee; successful prosecution of claim.** If the employer or carrier declines to pay any compensation on or before the thirtieth day after receiving written notice of a claim for compensation having been filed from the deputy commissioner, on the

ground that there is no liability for compensation within the provisions of this chapter, and the person seeking benefits shall thereafter have utilized the services of an attorney at law in the successful prosecution of his claim, there shall be awarded, in addition to the award of compensation, in a compensation order a reasonable attorney's fee against the employer or carrier in an amount approved by the deputy commissioner, Board, or court, as the case may be, which shall be paid directly by the employer or carrier to the attorney for the claimant in a lump sum after the compensation order becomes final.

33 U.S.C. [Chapter 33. Prevention of Pollution from Ships.] § 1910. Legal actions.

(d) Costs; attorney fees; witness fees. The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party including the Federal Government.

35 U.S.C. [Chapter 29. Remedies for Infringement of Patent and Other Actions.] § 285. Attorney fees.

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

42 U.S.C. [Chapter 6A. Public Health Service. Subchapter XII. Safety of Public Water Systems.] § 300j-8. Citizen's civil action.

(d) Costs; attorney fees; expert witness fees; filing of bond. The court, in issuing any final order in any action brought under subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such an award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

42 U.S.C. [Chapter 20. Elective Franchise.] § 1973j. Enforcement proceedings.

(e) Attorney's fees. In any action or proceeding to enforce the voting guarantees of the fourteenth or fifteenth amendment, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

42 U.S.C. [Civil Rights Attorney's Fee Awards Act of 1976] § 1988. Proceedings in vindication of civil rights; Attorney's Fees.

(b) In any action or proceeding to enforce a provision of §§ 1977, 1977A, 1978, 1979, 1980, and 1981 of the Revised Statutes, title IX of Public Law 92-318, or title VI or the Civil Rights Act of 1964, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

42 U.S.C. [Generally.] § 1997a. Initiation of civil actions.

(b) Discretionary award of attorney fees. In any action commenced under this section, the court may allow the prevailing party, other than the United States, a reasonable attorney's fee against the United States as part of the costs.

42 U.S.C. [Generally.] § 1997c. Intervention in actions.

(d) Discretionary award of attorney fees; other award provisions unaffected. In any action in which the United States joins as an intervenor under this section, the court may allow the prevailing party, other than the United States, a reasonable attorney's fee against the United States as part of the costs. Nothing in this subsection precludes the award of attorney's fees available under any other provisions of the United States Code.

42 U.S.C. [Public Accommodations.] § 2000a-3. Civil actions for preventive relief.

(b) Attorneys' fees; liability of United States for costs. In any action commenced pursuant to this title, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs, and the United States shall be liable for costs the same as a private person.

42 U.S.C. [Public Facilities.] § 2000b-1. Liability of United States for costs and attorney's fees.

In any action or proceeding under this title, the United States shall be liable for costs, including a reasonable attorney's fee, the same as a private person.

42 U.S.C. [Chapter 21. Civil Rights (Equal Employment Opportunities).] § 2000e-5. Enforcement provisions.

(k) Attorney's fee; liability of Commission and United States for costs. In any action or proceeding under this subchapter the court, in its discretion, may allow the prevailing party, other than the Commission or the United States, a reasonable attorney's fee (including expert fees) as part of the costs, and the Commission and the United States shall be liable for costs the same as a private person.

42 U.S.C. [Chapter 45. Fair Housing.] § 3612. Enforcement by Secretary.

(p) Attorney's Fees. In any administrative proceeding brought under this section or any court proceeding arising therefrom, or any civil action under this section, the administrative law judge or the court, as the case may be, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee and costs. The United States shall be liable for such fees and costs to the extent provided by section 504 of Title 5 or by section 2412 of Title 28.

42 U.S.C. [Chapter 46. Law Enforcement Assistance and Criminal Justice.] § 3789d. Prohibition of Federal control over State and

local criminal justice agencies; prohibition of discrimination.
(c) Race, color, religion, national origin, or sex discrimination prohibition in federally funded programs; notice of noncompliance with request for compliance; written and signed compliance agreement; semiannual compliance reports and cessation of reports; copies to complainants; suspension of funds for noncompliance; resumption of payments, and repayment of funds; resumption orders; preliminary hearing and hearing on record; findings; State appeals from final determinations; civil actions of Attorney General for discrimination violations; relief provided, escrow; civil actions of aggrieved persons: exhaustion of remedies, attorneys fees, intervention in general public interest.

(4)(B) In any civil action brought by a private person to enforce compliance with any provision of this subsection, the court may grant to a prevailing plaintiff reasonable attorney fees, unless the court determines that the lawsuit is frivolous, vexatious, brought for harassment purposes, or brought principally for the purpose of gaining attorney fees.

42 U.S.C. [Chapter 117. Encouraging Good Faith Professional Review Activities.] § 11113. Payment of reasonable attorneys' fees and costs in defense of suit.

In any suit brought against a defendant, to the extent that a defendant has met the standards set forth under section 11112(a) of this title and the defendant substantially prevails, the court shall, at the conclusion of the action, award to a substantially prevailing party defending against any such claim the cost of the suit attributable to such claim, including a reasonable attorney's fee, if the claim, or the claimant's conduct during the litigation of the claim was frivolous, unreasonable, without foundation, or in bad faith. For the purposes of this section, a defendant shall not be considered to have prevailed when the plain obtains an award for damages or permanent injunctive or declaratory relief.

42 U.S.C. [Chapter 126. Equal Opportunity for Individuals with Disabilities] § 12205. Attorney's fees. In any action or administrative proceeding commenced pursuant to this Act [Americans with Disabilities Act], the court or agency, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including litigation expenses, and costs, and the United States shall be liable for the foregoing the same as a private individual.

47 U.S.C. [Chapter 5. Wire or Radio Communication. Subchapter II. Common Carriers.] § 206. Carriers' liability for damages.

In case any common carrier shall do, or cause or permit to be done, any act, matter, or thing in this chapter prohibited or declared to be unlawful, or shall omit to do any act, matter, or thing in this chapter required to be done, such common carrier shall be liable to the person or persons injured thereby for the full amount of damages sustained in consequence of any such violation of the provisions of this chapter, together with a reasonable counsel or

attorney's fee, to be fixed by the court in every case of recovery, which attorney's fee shall be taxed and collected as part of the costs in the case.

47 U.S.C. [Chapter 5. Wire or Radio Communication. Subchapter III. Special Provisions Relating to Radio.] § 407. Order for payment of money; petition for enforcement; procedure; order of Commission as prima facie evidence; costs; attorneys' fees. If a carrier does not comply with an order for the payment of money within the time limit in such order the complainant, or any person for whose benefit such order was made, may file in the district court of the United States for the district in which he resides or in which is located the principal operating office of the carrier, or through which the line of the carrier runs, or in any State court of general jurisdiction having general jurisdiction of the parties, a petition setting forth briefly the causes for which he claims damages, and the order of the Commission in the premises. Such suit in the district court of the United States shall proceed in all respects like other civil suits, except that on the trial of such suits the findings and order of the Commission shall be prima facie evidence of the facts therein stated, except that the petitioner shall not be liable for costs in the district court nor for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If the petitioner shall finally prevail, he shall be allowed a reasonable attorney's fee, to be taxed and collected as a part of the costs of the suit.

49 U.S.C. App. [Chapter 24. Natural Gas Pipeline Safety.] § 1686. Civil actions by citizens.

(e) Costs and attorney's fees. In any action under this section the court may, in the interest of justice, award the costs of suit, including reasonable attorney's fees and reasonable expert witnesses fees, to a prevailing plaintiff. Such court may, in the interest of justice award such costs to a prevailing defendant whenever such action is unreasonable, frivolous, or meritless. For purposes of this subsection a reasonable attorney's fee is a fee (1) which is based upon (A) the actual time expended by an attorney in providing advice and other legal services in connection with representing a person in an action brought under this section, and (B) such reasonable expenses as may be incurred by the attorney in the provision of such services, and (2) which is computed at the rate prevailing for the provision of similar services with respect to actions brought in the court which is awarding such fee.

50 U.S.C. [Chapter 36. Foreign Intelligence Surveillance.] § 1810. Civil liability.

An aggrieved person, other than a foreign power or an agent of a foreign power, as defined in section 1801(a) or (b)(1)(A) of this title, respectively, who has been subjected to an electronic surveillance or about whom information obtained by electronic surveillance of such person has been disclosed or used in violation of section 1809 of this title shall have a cause of action against

any person who committed such violation and shall be entitled to recover --

(a) actual damages, but not less than liquidated damages of \$1,000 or \$100 per day of each day of violation, whichever is greater;

(b) punitive damages; and

(c) reasonable attorney's fees and other investigation and litigation costs reasonably incurred.

WORKING PAPER #5a

Cohen, Henry
November 29, 1989;
Addendum, July 1993

CRS Report for Congress

Awards of Attorneys' Fees by Federal Courts and Federal Agencies

Henry Cohen
Legislative Attorney
American Law Division

November 29, 1989

Updated

August 5, 1991



Congressional Research Service • The Library of Congress

**Addendum to
Kathy Donegan's July 12, 1993 draft working paper # 5
and Henry Cohen's August 5, 1991 CRS report**

I. UPDATE

The following 1991-1992 provisions appear in neither draft working paper # 5 nor the CRS report:

Patent and Plant Variety Protection Remedy Clarification Act (amending the Plant Variety Act)

7 U.S.C. § 2570(b)

"Such remedies include . . . attorney fees under section 125 [7 U.S.C. § 2565]."

Federal Deposit Insurance Corporation Improvement Act of 1991 (amending the International Banking Act of 1978)

12 U.S.C. § 3108(b)(5)

"Any court having jurisdiction of any proceeding instituted under this subsection may allow any party to such proceeding such reasonable expenses and attorneys' fees as the court deems just and proper."

Truth in Savings Act

12 U.S.C. § 4310(a)(3)

"[A]ny depository institution which fails to comply with any requirement imposed under this subtitle . . . is liable . . . in an amount equal to the sum of . . . (3) in the case of any successful action to enforce any liability under paragraph (1) or (2), the costs of the action, together with a reasonable attorney's fee as determined by the court."

Trademark Remedy Clarification Act (amending the Lanham Act)

15 U.S.C. § 1122

"Such remedies include . . . costs and attorney's fees under section 35 [15 U.S.C. § 1117]."

Audio Home Recording Act of 1992 (amending the Copyright Act)

17 U.S.C. § 1009(c)

"In an action under subsection (a), the court . . .

(4) in its discretion may award a reasonable attorney's fee to the prevailing party."

Federal Courts Administration Act of 1992 (amending the Antiterrorism Act of 1990)

18 U.S.C. § 2333(a)

"Any national of the United States injured in his or her person, property, or business by reason of an act of international terrorism, or his or her estate, survivors, or heirs, may sue therefor in any appropriate district court of the United States and shall recover threefold the damages he or she sustains and the cost of the suit, including attorney's fees."

Emergency Unemployment Compensation Act of 1991 (amending the Higher Education Act of 1965)

20 U.S.C. § 1095a(8)

"The court shall award attorneys' fees to a prevailing employee"

Patent and Plant Variety Protection Remedy Clarification Act (amending Patent Infringement)

35 U.S.C. § 296

"Such remedies include . . . attorney fees under [35 U.S.C.] section 285"

Civil Rights Act of 1991 (amending the Civil Rights Act of 1964, Title VII)

42 U.S.C. § 2000e-5(g)(2)(B)

"On a claim in which an individual proves a violation under section 703(m) [42 U.S.C. § 2000e-2(m)] and a respondent demonstrates that the respondent would have taken the same action in the absence of the impermissible motivating factor, the court -- (i) may grant declaratory relief, injunctive relief (except as provided in clause (ii)), and attorney's fees and costs demonstrated to be directly attributable only to the pursuit of the claim under section 703(m)."

Residential Lead-Based Paint Hazard Reduction Act of 1992

P.L. 102-550, § 1018(b)(4)

"In any civil action brought for damages pursuant to paragraph (3), the appropriate court may award court costs to the party commencing the action, together with reasonable attorney fees and any expert witness fees, if that party prevails."

Federal Housing Enterprises Financial Safety and Soundness Act of 1992

P.L. 102-550, § 1345(d)

"The monetary judgment may, in the court's discretion, include attorneys fees and other expenses incurred by the United States in connection with the action."

San Carlos Apache Tribe Water Rights Settlement Act of 1992

P.L. 102-575, § 3708(f)

"If such a claim is filed and the court grants judgment for the plaintiff(s), the court shall award such relief as it deems proper, and shall award costs and attorneys' fees to the plaintiff(s)."

Family and Medical Leave Act of 1993

P.L. 103-3, § 107(a)(3)

"The court in such action shall, in addition to any judgment awarded to the plaintiff, allow a reasonable attorney's fee, reasonable expert witness fees, and other costs of the action to be paid by the defendant."

National Voter Registration Act of 1993

P.L. 103-31, § 11

"In a civil action under this section, the court may allow the prevailing party (other than the United States) reasonable attorney fees, including litigation expenses, and costs."

II. RULE 68

Chapter XII (pp. 53-55) of the CRS report explains Rule 68 of the Federal Rules of Civil Procedure; the following outlines its relationship to relevant Copyright Act provisions. Rule 68 provides that, if a defendant in federal court offers to settle, and the plaintiff rejects the offer and then wins the case but wins no more than the amount offered, he must pay the costs incurred after the defendant made the offer. This means that the plaintiff forfeits his right under Rule 54(d) to recover costs incurred after such time. In *Marek v. Chesny*, 473 U.S. 1 (1985), the Supreme Court indicated that, if a statute authorizes an award of costs *including* attorneys' fees, or an award of attorneys' fees *as part of* the costs, then the plaintiff is subject to forfeiting his attorneys' fees as well as his costs under Rule 68. If, by contrast, a statute authorizes an award of attorneys' fees *and* costs, or *together* with costs, then Rule 68 does not apply to attorneys' fees.

The following sections of the Copyright Act authorize awards of attorneys' fees: 505, 511(b), 911(f), 911(g)(2), 1009(c). They use the following terminology:

505: "attorney's fee . . . as part of the costs."
 511: "costs and attorney's fees under section 505."
 911(f): "costs, including reasonable attorneys' fees."
 911(g)(2): "costs and attorney's fees under subsection (f)."
 1009(c): "a reasonable attorney's fee."

Thus, it appears that Rule 68 could result in the forfeiture of an award of attorneys' fees under the first four provisions, but not under the fifth. (Although the second and fourth provisions say "costs and attorneys' fees," they prescribe awards under the first and third provisions, respectively, which use language which brings in Rule 68.)

III. MISCELLANEOUS

(1) 8 U.S.C. § 1324b(j)(4), which is cited correctly in draft working paper #5, is cited incorrectly as § 1324b(i)(4) in the CRS report.

(2) 18 U.S.C. § 2333(a) was cited incorrectly as 18 U.S.C. § 2333(e) in the CRS report. It has since been amended, as set forth above.

(3) Omit 5 U.S.C. § 590(g) from the CRS report, as "fees and other expenses" was substituted for "attorneys fees and expenses" (and the provision was renumbered as 5 U.S.C. § 580(g)).

(4) The following 1991 statutes appear in draft working paper # 5 but not in the CRS report: 2 U.S.C. §§ 1209, 1219, 1220.

AWARDS OF ATTORNEYS' FEES BY FEDERAL COURTS AND FEDERAL AGENCIES

SUMMARY

In the United States, the general rule, which derives from common law, is that each side in a legal proceeding pays for its own attorney. There are many exceptions, however, in which federal courts, and occasionally federal agencies, may order the losing party to pay the attorneys' fees of the prevailing party. The major common law exception authorizes federal courts (not agencies) to order a losing party that acts in bad faith to pay the prevailing party's fees.

There are a couple of hundred statutory exceptions, which were enacted generally to encourage private litigation to implement public policy. Awards of attorneys' fees are often designed to help to equalize contests between private individual plaintiffs and corporate or governmental defendants. Thus, attorneys' fees provisions are most often found in civil rights, environmental protection, and consumer protection statutes.

In addition, the Equal Access to Justice Act makes the United States liable for attorneys' fees in judicial and administrative proceedings in which the opposing party prevails and proves that the position of the United States was not substantially justified.

Most Supreme Court decisions involving attorneys' fees have interpreted civil rights statutes, and this report focuses especially on civil rights statutes. It also discusses awards of costs other than attorneys' fees in federal courts, how courts compute the amount of attorneys' fees to be awarded, statutory limitations on attorneys' fees, and other subjects. In addition, it sets forth the language of all federal attorneys' fees provisions, and includes a bibliography of congressional publications concerning attorneys' fees.

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AWARDS OF ATTORNEYS' FEES BY FEDERAL COURTS AND FEDERAL AGENCIES

I. INTRODUCTION: THE AMERICAN RULE AND ITS EXCEPTIONS

"In the United States, the prevailing litigant is ordinarily not entitled to collect a reasonable attorneys' fee from the loser." *Alyeska Pipeline Service Co. v. Wilderness Society*, 421 U.S. 240, 247 (1975). This is known as the "American rule" (as opposed to the rule in England) and derives from the common law. It has, however, numerous statutory exceptions (listed in ch. XVII of this report) some, if not most, of which Congress enacted in order to encourage private litigation to implement public policy. *Alyeska*, 421 U.S. at 263. It also has two major common law exceptions: the common benefit doctrine and the bad faith doctrine.¹ These derive from the historic authority of the courts to do equity in particular situations. *Sprague v. Ticonic National Bank*, 307 U.S. 161, 166 (1939).

Federal courts may use this inherent power even in diversity cases, which are cases arising under state law that are brought in federal court pursuant to 28 U.S.C. § 1332 when the parties are citizens of different states and the amount in controversy exceeds \$50,000. *Chambers v. NASCO, Inc.*, 111 S.Ct. 2123 (1991). The Court noted "that the exercise of the inherent power of lower federal courts can be limited by statute or rule, for '[t]hese courts were created by act of Congress.'" *Id.* at 2134. (The Supreme Court was created by the Constitution (Art. III, § 1).

In *Alyeska*, the Court had written that, "in the ordinary diversity case where the state law does not run counter to a valid federal statute or rule, of court, and usually it will not, state law denying the right to attorney's fees or giving right thereto, which reflects a substantial policy of the state, should be followed." 421 U.S. at 259 n.31. In *Chambers*, the Court explained that this limitation "applies only to fee-shifting rules that embody a substantive policy, such as a statute which permits a prevailing party in certain classes of litigation to recover fees." 111 S.Ct. at 2136. A substantive policy of the state is not "implicated by the assessment of attorney's fees as a sanction for bad-faith conduct before the court which involved disobedience of the court's orders and the attempt to defraud the court itself." *Id.* at 2137.

¹ The Supreme Court distinguishes a third exception: "a court may assess attorney's fees as a sanction for the 'willful disobedience of a court order.'" *Chambers v. NASCO, Inc.*, 111 S.Ct. 2123 (1991). However, this may be viewed as falling within the bad faith doctrine.

II. COMMON LAW EXCEPTIONS TO THE AMERICAN RULE

Common law exceptions to the American rule are "unquestionably assertions of inherent power in the courts to allow attorneys' fees in particular situations, unless forbidden by Congress." *Alyeska*, 421 U.S. at 259. The two major exceptions are cases in which a party at its own expense creates a fund or achieves a substantial benefit in which others share, and cases in which a party acts in bad faith. A former third exception, cases in which a plaintiff acts as a "private attorney general" in effectuating important public policy, was eliminated by the Supreme Court in *Alyeska*.

Common Benefit Doctrine

"In the absence of a statutory prohibition, the federal courts have authority to award attorneys' fees from a fund to a party who, having a common interest with other persons, maintains a suit for the common benefit and at his own expense, resulting in the creation or preservation of a fund, in which all those having the common interest share." Annotation, 8 L.Ed.2d 894, 905 (1963). This exception to the American rule does not shift the cost of attorneys' fees to the losing party, but rather to those who benefit from the suit. The doctrine was originally conceived in *Trustees v. Greenough*, 105 U.S. 527 (1881), a case against trustees of ten or eleven million acres of land who had collusively sold hundreds of thousands of those acres at nominal prices. One beneficiary, after eleven years of litigation at his own expense, recaptured the assets and presented a claim for reimbursement of attorneys' fees. The Supreme Court approved the award, writing that "if the complainant is not a trustee, he has at least acted the part of a trustee in relation to the common interest." *Id.* at 532.

In *Mills v. Electric Auto-Lite Co.*, 396 U.S. 375, 392 (1970), the Supreme Court held that under the common benefit doctrine there is no requirement "that the suit actually bring money into the court as a prerequisite to the court's power to order reimbursement of expenses." *Mills* was a stockholders' derivative suit, a type of case which, the Court noted, may bring substantial non-pecuniary benefits.

Boeing Co. v. Van Gemert, 444 U.S. 472 (1980), was a successful class action in which over \$3 million in damages were awarded. Some class members collected their shares of the damages, but others did not. The district court, invoking the common benefit doctrine, ordered that the plaintiffs' attorneys be awarded their fees from the total amount of the judgment, concluding that it was equitable for all class members -- claiming and non-claiming alike -- to bear a *pro rata* share of the costs of producing the judgment in their favor. The defendant objected to use of the unclaimed money for this purpose, arguing that

the ultimate disposition of the unclaimed money had not been decided. But the Supreme Court affirmed the award of attorneys' fees, holding:

The common-fund doctrine, as applied in this case, is entirely consistent with the American rule against taxing the losing party with the victor's attorney's fees. . . . Boeing presently has no interest in any part of the fund. Any right that Boeing may establish to the return of the money eventually claimed is contingent on the failure of the absentee class members to exercise their present rights of possession. Although Boeing itself cannot be obliged to pay fees awarded to the class lawyers, its latent claim against unclaimed money in the judgment fund may not defeat each class member's equitable obligation to share the expenses of litigation.

Id. at 481-482.

Bad Faith Exception

"[I]t is unquestioned that a federal court may award counsel fees to a successful party when his opponent has acted 'in bad faith, vexatiously, wantonly, or for oppressive reasons. . . .' In this class of cases, the underlying rationale of 'fee shifting' is, of course, punitive, and the essential element in triggering the award of fees is therefore the existence of 'bad faith' on the part of the unsuccessful litigant." *Hall v. Cole*, 412 U.S. 1, 5 (1973). A fee award under the bad faith exception requires subjective bad faith -- "some proof of malice entirely apart from inferences arising from the possible frivolous character of a particular claim." *Copeland v. Martinez*, 603 F.2d 981, 991 (D.C. Cir. 1979), *cert. denied*, 444 U.S. 1044 (1980).

In *Hall v. Cole*, 412 U.S. at 15, the Supreme Court wrote: "It is clear . . . that 'bad faith' may be found, not only in the actions that led to the lawsuit, but in the conduct of the litigation." Subsequently, as another court wrote: "Federal courts have applied [the bad faith] exception both when bad faith occurred in connection with the litigation and when it was an aspect of the conduct that gave rise to the lawsuit." *Nepera Chemical, Inc. v. Sea-Land Service*, 794 F.2d 688, 701 (D.C. Cir. 1986). However, in *Shimman v. International Union of Operating Engineers*, 744 F.2d 1226, 1232 (6th Cir. 1984) (*en banc*), *cert. denied*, 469 U.S. 1215 (1985),² the court refused to apply the bad faith exception to a party's underlying claim, noting that the Supreme Court's statement in *Hall v. Cole* had been made in a context not "referring to the bad faith exception at all." The court in *Shimman* held: "To allow an award of attorneys' fees based on bad

² An unreported decision on remand from *Shimman* was reversed and remanded without written opinion, 785 F.2d 310 (6th Cir. 1986).

faith in the act underlying the substantive claim would not be consistent with the rationale behind the American Rule regarding attorneys' fees. . . . Attorneys' fees incurred while curing the original wrong are not compensable because they represent the cost of maintaining open access to an equitable system of justice." 744 F.2d at 1231. Attorneys' fees incurred as the result of bad faith in the conduct of the litigation, however, are compensable because such bad faith constitutes a new wrong imposed upon the aggrieved party. *Id.*

An attorney, as well as a party, who acts in bad faith may be ordered to pay the attorneys' fees of the opposing party. In *Roadway Express, Inc. v. Piper*, 447 U.S. 752, 765-767 (1980), the Supreme Court held:

[I]n narrowly defined circumstances federal courts have inherent power to assess attorney's fees against counsel. . . . The power of a court over members of its bar is at least as great as its authority over litigants. If a court may tax counsel fees against a party who litigated in bad faith, it certainly may assess those expenses against counsel who willfully abuse judicial processes. . . . Like other sanctions, attorney's fees certainly should not be assessed lightly or without fair notice and an opportunity for a hearing on the record. But in a proper case, such sanctions are within a court's powers.

In *Durrett v. Jenkins Brickyard, Inc.*, 678 F.2d 911, 919 (11th Cir. 1982), the court held "that the Court in *Roadway Express* intended to authorize the assessment of attorney's fees against counsel who either willfully disobeyed a court order or acted in bad faith, vexatiously, wantonly, or for oppressive reasons."

In *Roadway Express*, the Supreme Court also noted that, under Federal Rule of Civil Procedure 37(b), "[b]oth parties and counsel may be held personally liable for expenses, 'including attorney's fees,' caused by the failure to comply with discovery orders." 447 U.S. at 763. The Court also found that only excess costs, not attorneys' fees, could be assessed under 28 U.S.C. § 1927, which provided that any attorney "who so multiplies the proceedings in any case so as to increase costs unreasonably and vexatiously may be required by the courts to satisfy personally such excess costs." However, the section soon after was amended by Public Law 96-349, § 3, to permit awards of attorneys' fees as well as excess costs against counsel.³

³ Cases under 28 U.S.C. § 1927 are discussed at 12 ALR Fed 910. Other cases concerning the bad faith exception to the American rule are discussed at 31 ALR Fed 833.

Private Attorney General Doctrine

The private attorney general doctrine provides that a plaintiff "should be awarded attorneys' fees when he has effectuated a strong Congressional policy which has benefited a large class of people, and where further the necessity and financial burden of private enforcement are such as to make the award essential." *La Raza Unida v. Volpe*, 57 F.R.D. 94, 98 (N.D. Cal. 1972), *aff'd*, 488 F.2d 559 (9th Cir. 1973), *cert. denied*, 417 U.S. 968 (1974). Many of the statutory exceptions to the American rule are based on this concept. Discussing one such exception, 42 U.S.C. § 2000a-3(b), the Supreme Court wrote:

If successful plaintiffs were routinely forced to bear their own attorneys' fees, few aggrieved parties would be in a position to advance the public interest by invoking the injunctive power of the federal courts. Congress therefore enacted the provision for counsel fees . . . to encourage individuals injured by racial discrimination to seek judicial relief under Title II.

Newman v. Piggie Park Enterprises, Inc., 390 U.S. 400, 402 (1968).

Prior to the Supreme Court's decision in *Alyeska*, some lower federal courts had awarded attorneys' fees under the private attorney general doctrine in suits brought under statutes that had no fee-shifting provisions, thereby creating another court-made exception to the American rule. *Alyeska* at 270 n.46. In *Alyeska*, however, the Court held:

[C]ongressional utilization of the private attorney general concept can in no sense be construed as a grant of authority to the Judiciary to jettison the traditional rule against non-statutory allowances to the prevailing party and to award attorneys' fees whenever the court deems the public policy furthered by a particular statute important enough to warrant the award.

421 U.S. at 263.

The primary reasons stated by the Court for its decision were the difficulty "for the courts without legislative guidance to consider some statutes important and some unimportant" and the fact that "the rational application of the private-attorney-general rule would immediately collide with the express provision of 28 U.S.C. § 2412," which at the time prohibited fee awards against the United States, except when specifically permitted by statute. *Id.* at 263-266.

Reactions to *Alyeska* included predictions that unless it was overturned by Congress, the number of public interest cases brought in federal court would decline significantly. (One commentator wrote shortly after the decision that

the goal of reducing caseloads "clearly lies at the heart of some important pro-business decisions in recent months." *The Wall Street Journal*, June 10, 1975, p. 20). A public interest lawyer was reported as having said: "Until *Alyeska*, I probably would have said that attorneys' fee awards were the number one factor in the future of public interest law financing." Witt, *After Alyeska: Can the Contender Survive?*, *Juris Doctor*, Oct. 1975 at 34, 39. The Witt article also noted:

[E]nvironmental cases appear to be the most hurt by the ruling, chiefly because of the lack of a fee award provision in the National Environmental Policy Act. "The whole development of environmental law over the last five years has been under NEPA. . . ."

A later article stated that after *Alyeska* both public interest law firms and private practitioners had to cut back significantly their public interest work. Hermann and Hoffmann, *Financing Public Interest Litigation in State Court: A Proposal for Legislative Action*, 63 *Cornell Law Review* 173, 184-185 (1978).

The Witt article concluded that if Congress effectively reverses *Alyeska* -- and goes even further by allowing fee awards against the federal government -- then *Alyeska* will be just a footnote. But, it added, if Congress does nothing, then *Alyeska* will be a landmark.

Congress' immediate response to *Alyeska* was enactment of the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988, which is discussed in ch. VII. Congress has since enacted many more statutes that authorize awards of attorneys' fees in specific situations, but it has not reversed *Alyeska* to grant courts the power (beyond the common benefit and bad faith exceptions) to award attorneys' fees in the absence of specific statutory authorization. Some of the statutes that Congress has enacted allow courts to award fees against the United States; the broadest of these is the Equal Access to Justice Act.

III. THE EQUAL ACCESS TO JUSTICE ACT

Awards of attorneys' fees against the United States were barred at common law not only because of the American rule, but also because of the sovereign immunity doctrine, under which the United States may not be sued, nor its funds expended, without its consent. "Congress alone has the power to waive or qualify that immunity" (*United States v. Chemical Foundation, Inc.*, 272 U.S. 1, 20 (1926)); therefore, prior to the waiver of immunity in the Equal Access to Justice Act (EAJA), the common law exceptions were inapplicable against the United States. See, e.g., *National Association of Regional Medical Health Programs, Inc. v. Mathews*, 551 F.2d 340 (D.C. Cir. 1977), *cert. denied*, 431 U.S. 954 (1977) (common benefit exception); *Gibson v. Davis*, 587 F.2d 280 (6th Cir. 1978), *cert. denied*, 441 U.S. 905 (1979) (bad faith exception). Prior to the EAJA, even statutory exceptions to the American rule were not applicable against the United States unless they specifically so provided.

by the court). Second, it does not allow (with two exceptions) fees to be awarded to individuals whose net worth exceeds \$2 million, or to businesses or organizations, including units of local government, with a net worth exceeding \$7 million or more than 500 employees.⁷ This portion of the EAJA sunset, by the terms of the original Act, October 1, 1984. In 1985, the EAJA was reenacted, retroactive to October 1, 1984, and made permanent.

In *Pierce v. Underwood*, 487 U.S. 552 (1988), the Supreme Court decided three issues concerning the EAJA: (1) the applicable standard of appellate review, (2) the meaning of "substantially justified," and (3) the "special factors" that allow a court to award more than \$75 per hour.

(1) *Standard of Review.* *Pierce v. Underwood* addressed the standard that a federal court of appeals applies in reviewing a decision of a federal district court under the EAJA. Either party may appeal a district court's decision under the EAJA, and, as the Supreme Court explained:

For purposes of standard of review, decisions by judges are traditionally divided into three categories, denominated questions of law (reviewable *de novo*), questions of fact (reviewable for clear error), and matters of discretion (reviewable for "abuse of discretion").

487 U.S. at 558.

The Supreme Court found that the EAJA did not provide a clear prescription as to the appropriate standard of review (unlike, for example, 42 U.S.C. § 1988, which provides that "the court, in its discretion, may allow the prevailing party . . . a reasonable attorney's fee"). The Court, therefore, for a variety of reasons, held that the "abuse of discretion" standard was most appropriate for appeals of EAJA court decisions.

Awards of attorneys' fees under the EAJA at the agency level may be appealed to a court only by the prevailing party, not by the United States. The statute, at 5 U.S.C. § 504(c)(2), provides:

The court's determination on any appeal heard under this paragraph shall be based solely on the factual record made before the agency. The court may modify the determination of fees and other expenses only if the court finds that the failure to make an award of fees and other expenses, or the calculation of the amount of the award, was unsupported by substantial evidence.

⁷ The two exceptions are tax-exempt organizations and agricultural cooperatives; they may recover fees regardless of their net worth but apparently may not recover fees if they have more than 500 employees. See 5 U.S.C. § 504(b)(1)(B); 28 U.S.C. § 2412(d)(2)(B); *Unification Church v. Immigration & Naturalization Service*, 762 F.2d 1077 (D.C. Cir. 1985).

The EAJA allows awards of attorneys' fees against the United States in two broad situations. The first, codified at 28 U.S.C. § 2412(b), makes the United States liable for the prevailing party's attorneys' fees to the same extent that any other party would be under the common law and statutory exceptions to the American rule, including the statutory exceptions that do not specifically authorize fee awards against the United States. This provision, unlike the rest of the EAJA, contains no limitations on the assets or number of employees of parties eligible to recover fees, and no maximum hourly rate for fee awards.

The second broad situation in which the EAJA authorizes fee awards against the United States is codified at 5 U.S.C. § 504 and 28 U.S.C. § 2412(d). These sections provide that, in specified agency adjudications⁴ and in all civil actions (except tort actions and tax cases⁵) brought by or against the United States, the United States shall be liable for the attorneys' fees of prevailing parties, unless it proves that its position was substantially justified or that special circumstances make an award unjust.⁶ This portion of the EAJA contains two limitations on fee awards that are not found in § 2412(b) or in other attorneys' fees statutes. First, it limits fee awards to \$75 per hour unless the court or agency determines that a special factor justifies a higher fee. (Most fee statutes authorize awards of "reasonable" fees, with the amount determined

⁴ The type of agency adjudication in which fees may be awarded is an "adversary adjudication," which is defined at 5 U.S.C. § 504(b)(1)(C). In *Sullivan v. Hudson*, 109 S.Ct. 2248, 2257 (1989), the Supreme Court held "that for purposes of the EAJA Social Security benefit proceedings are not 'adversarial' within the meaning of § 504(b)(1)(C), either initially or on remand from a court. However, 'where a court orders a remand to the Secretary [of Health and Human Services] in a benefits litigation and retains continuing jurisdiction over the case pending a decision from the Secretary which will determine the claimant's entitlement to benefits, the proceedings on remand are an integral part of the 'civil action' for judicial review and thus attorney's fees for representation on remand are available [under 28 U.S.C. § 2412(d)(1)(A)] subject to the other limitations in the EAJA." *Id.* at 2258. See 96 ALR Fed 323.

Social Security cases also raise complications in applying the EAJA's requirement that the prevailing party submit a fee application "within thirty days of the final judgment in the action" (28 U.S.C. § 2412(d)(1)(B)) or "within thirty days of a final disposition in the adversary adjudication" (5 U.S.C. § 504(a)(2)). The Supreme Court applied these provisions to Social Security cases in *Melkonyan v. Sullivan*, 111 S.Ct. 2157 (1991).

⁵ With respect to fee awards in tax cases, see ch. VIII of this report. Tort cases against the United States are brought under the Federal Tort Claims Act (FTCA), 28 U.S.C. §§ 1346(b), 2671-2680. The FTCA requires that, prior to filing suit, a claimant must first present his claim to the federal agency out of whose activities his claim arose. If the claim is settled before suit is filed, the claimant's attorney may receive up to 20 percent of the settlement; if it is not, the claimant's attorney may receive up to 25 percent of a court award or settlement. 28 U.S.C. § 2678. See 86 ALR Fed 866. Fee awards against the United States in FTCA cases may be made only pursuant to the common law bad faith doctrine made applicable against the United States by the Equal Access to Justice Act, 28 U.S.C. § 2412(b).

⁶ The EAJA does not specify which party has the burden of proof as to whether the position of the United States was substantially justified or special circumstances make an award unjust. However, the conference report to the original EAJA states: "After a prevailing party has submitted an application for an award, the burden of proving that a fee award should not be made rests with the Government." H.R. Rep. No. 96-1434 at 22. The "position" of the United States which the government must prove to have been substantially justified in order to avoid a fee award includes both the conduct of the government in the proceeding itself and the action of the government that gave rise to the proceeding. 5 U.S.C. § 504(b)(1)(E); 28 U.S.C. § 2412(d)(2)(D).

Prior to the 1985 amendments to the EAJA, this provision stated that the court could modify an agency decision only if it found "an abuse of discretion." It was intended that the new standard -- "unsupported by substantial evidence" -- permit "a broader scope of review . . . consistent with the normal scope of judicial review of agency actions." H.R. Rep. No. 99-120 at 16.

(2) "*substantially justified*." The United States may avoid liability for attorneys' fees under the EAJA by proving that its position "was substantially justified or that special circumstances make an award unjust." 5 U.S.C. § 504(a)(1), 28 U.S.C. § 2412(d). The legislative history of the original EAJA stated that "[t]he test of whether the Government position is substantially justified is essentially one of reasonableness in law and fact." H.R. Conf. Rep. No. 96-1434 at 22. Twelve of the thirteen federal circuits subsequently interpreted "substantially justified" to mean reasonable. *See, Pierce v. Underwood*, 487 U.S. at 565-566. The United States Court of Appeals for the District of Columbia was the exception. It reasoned:

The Senate Judiciary Committee considered and rejected an amendment to the bill that would have changed the pertinent language from "substantially justified" to "reasonably justified." S.Rep. No. 253 [96th Cong., 1st Sess.] at 8. That refusal suggests that the test should, in fact, be slightly more stringent than "one of reasonableness."

Spencer v. National Labor Relations Board, 712 F.2d 539, 558 (D.C. Cir. 1983), *cert. denied*, 466 U.S. 936 (1984). According to this view, the government's position may be reasonable, yet fail to be substantially justified, making it easier to recover fees under the substantially justified standard than under a reasonableness standard. The 1985 amendments to the EAJA did not alter the text of the substantially justified language, but an accompanying committee report expressed support for the D.C. Circuit's interpretation:

Several courts have held correctly that "substantial justification" means more than merely reasonable. Because in 1980 Congress rejected a standard of "reasonably justified" in favor of "substantially justified," the test must be more than just reasonableness.

H.R. Rep. No. 99-120 at 9.

The Supreme Court in *Pierce v. Underwood* held that substantially justified means reasonable. The Court found that a "more than mere reasonableness" test would be "out of accord with prior usage" and "unadministerable." "Between the test of reasonableness," the Court wrote, "and a test such as 'clearly and convincingly justified' . . . there is simply no accepted stopping-place, no ledge that can hold the anchor for steady and consistent judicial behavior." 487 U.S. at 568. The Court found that the 1985 committee report was not controlling because it was neither "(1) an authoritative interpretation of what the 1980

statute meant, or (2) an authoritative expression of what the 1985 Congress intended." *Id.* at 566.

(3) *Exceeding \$75 per hour.* The EAJA provides that attorneys' fees "shall be based upon prevailing market rates for the kind and quality of the services furnished," but "shall not be awarded in excess of \$75 per hour unless the court determines that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys for the proceedings involved, justifies a higher fee." 28 U.S.C. § 2412(d)(2)(A)(ii). (The same ceiling on fees applies in agency proceedings; *see*, 5 U.S.C. § 504(b)(1)(A)). The Court in *Pierce v. Underwood* held:

If "the limited availability of qualified attorneys for the proceedings involved" meant merely that lawyers skilled and experienced enough to try the case are in short supply, it would effectively eliminate the \$75 cap -- since the "prevailing market rates for the kind and quality of the services furnished" are obviously *determined* by the relative supply and quality of services. . . . We think it refers to attorneys having some distinctive knowledge or specialized skill needful for the litigation in question -- as opposed to an extraordinary level of the general lawyerly knowledge and ability useful in all litigation. Examples of the former would be an identifiable practice specialty such as patent law, or knowledge of foreign law or language.

487 U.S. at 571-572.

As for other "special factors," the Court wrote:

For the same reason of the need to preserve the intended effectiveness of the \$75 cap, we think the other "special factors" envisioned by the exception must be such as are not of broad and general application. We need not specify what they might be. . . .

Id. at 573.

The Court, however, specified some items which are *not* special factors for purposes of exceeding the \$75 per hour cap: "the novelty and difficulty of issues," "the undesirability of the case," "the work and ability of counsel," "the results obtained," "customary fees and awards in other cases," and "the contingent nature of the fee." All these "are factors applicable to a broad spectrum of litigation; they are little more than routine reasons why market rates are what they are." *Id.*

In *Commissioner, Immigration and Naturalization Service v. Jean*, 110 S.Ct. 2316 (1990), the Supreme Court decided another issue under the EAJA. The Court held that, to recover fees for services rendered in obtaining fees under the EAJA, the prevailing party need not show that the position of the United States was not substantially justified or that special circumstances make an award

unjust. If the prevailing party is entitled to fees in the main action, then he is automatically entitled to fees for the time spent seeking fees. To hold otherwise could "spawn a 'Kafkaesque judicial nightmare' of infinite litigation for the last round of litigation over fees." *Id.* at 2321.

IV. THE DUAL STANDARD: PREVAILING PLAINTIFFS AND PREVAILING DEFENDANTS

Most federal fee-shifting provisions authorize courts to award fees if "the fee claimant was the 'prevailing party,' the 'substantially prevailing party,' or 'successful.'" *Ruckelshaus v. Sierra Club*, 463 U.S. 680, 684 (1983). Although most of these statutes on their face do not distinguish between prevailing plaintiffs and prevailing defendants, the Supreme Court has held that Congress intended that under the civil rights statutes a dual standard should be applied in determining the appropriateness of fee awards to prevailing plaintiffs and prevailing defendants.⁸

In *Newman v. Piggie Park Enterprises, Inc.*, 390 U.S. 400 (1968), the Court considered 42 U.S.C. § 2000a-3(b), the provision in Title II of the Civil Rights Act of 1964 that provides for discretionary fee awards to prevailing parties. Noting that a plaintiff who is successful in a Title II suit vindicates "a policy that Congress considered of the highest priority" -- enjoining racial discrimination -- the Court held that under Title II a successful plaintiff "should ordinarily recover an attorney's fee unless special circumstances would render an award unjust." *Id.* at 402.

In *Albemarle Paper Co. v. Moody*, 422 U.S. 405 (1975), the Court held that the *Piggie Park* standard of awarding attorneys' fees to a successful plaintiff is equally applicable under Title VII of the Civil Rights Act, 42 U.S.C. § 2000e-5(k).

In *Christiansburg Garment Co. v. Equal Employment Opportunity Commission*, 434 U.S. 412, 417 (1978), the Court was faced with the question "what standard should inform a district court's discretion in deciding whether to award attorney's fees to a successful *defendant* in a Title VII action?" The Court noted that the statute on its face provided "no indication whatever of the circumstances under which either a plaintiff *or* defendant should be entitled to attorney's fees," and found that there are "strong equitable considerations"

⁸ Cases that interpret an attorneys' fees provision of one civil rights statute generally apply to the attorneys' fees provisions of all civil rights statutes, as they are all generally modeled on the fee-shifting provisions of the Civil Rights Act of 1964. The Supreme Court has noted "that fee-shifting statutes' similar language is a 'strong indication' that they are to be interpreted alike." *Independent Federation of Flight Attendants v. Zipes*, 109 S.Ct. 2732, 2735 n.2 (1989).

counselling a dual standard in determining the appropriateness of fee awards in the two situations. *Id.* at 418. Although prevailing plaintiffs should ordinarily recover attorneys' fees unless special circumstances would render an award unjust, prevailing defendants should recover fees only upon a finding that a plaintiff's action was "frivolous, unreasonable, or without foundation," although a finding that the action was brought in subjective bad faith is not necessary. *Id.* at 421. (A finding of subjective bad faith entitles either prevailing plaintiffs or defendants to a fee award under the common law exception to the American rule.)

The reason for the dual standard "is that while Congress wanted to clear the way for suits to be brought under the Act, it also wanted to protect defendants from burdensome litigation having no legal or factual basis." *Id.* at 420. Awarding fees to prevailing plaintiffs in the ordinary case will encourage suits to vindicate the public interest, but awarding fees to defendants in the ordinary case might have a chilling effect on the institution of such suits. Awarding fees to defendants in frivolous cases, however, may discourage such suits.⁹

In *Hughes v. Rowe*, 449 U.S. 5, 14 (1980), the Supreme Court discussed the applicability of the *Christiansburg* standard for awards of attorneys' fees to prevailing defendants under the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988:

Although arguably a different standard might be applied in a civil rights action under 42 U.S.C. § 1983, we can perceive no reason for applying a less stringent standard. The plaintiff's action must be meritless in the sense that it is groundless or without foundation. The fact that a plaintiff may ultimately lose his case is not in itself a sufficient justification for the assessment of fees.

⁹ In *Durrett v. Jenkins Brickyard, Inc.*, 678 F.2d 911 (11th Cir. 1982), the court held that a Title VII plaintiff is not relieved from liability for attorneys' fees by the fact that his attorney was primarily responsible for the fact that his lawsuit was frivolous, unreasonable, or without foundation. The court wrote:

In virtually all actions without legal basis, and in many without factual basis, it will be the plaintiff's attorney who should first recognize the insufficiency of the case. . . . If plaintiffs in such cases were permitted to escape liability under § 706 [42 U.S.C. § 2000e-5(k)], the salutary effect of that provision would be diluted. . . . [I]n many cases . . . in which the plaintiff's counsel may appear to be primarily culpable, the plaintiff may find relief from the effect of our rule in the form of a malpractice action.

Id. at 916.

With respect to awards under section 1988 to prevailing plaintiffs, the court of appeals in *Brown v. Culpepper*, 559 F.2d 274, 278 (5th Cir. 1977), wrote:

In Title II and Title VII [of the Civil Rights Act of 1964] cases the Fifth Circuit has held that the defendant's conduct, be it negligent or intentional, in good faith or bad, is irrelevant to an award of attorneys' fees [citations omitted]. We now hold that, consistent with congressional intent, the same standard should apply to section 1988.

In *Independent Federation of Flight Attendants v. Zipes*, 109 S.Ct. 2732, 2733, 2736 (1989), the Supreme Court held that, under Title VII of the Civil Rights Act of 1964, a court may "award attorney's fees against intervenors who have not been found to have violated the Civil Rights Act or any other federal law . . . only where the intervenors' action was frivolous, unreasonable, or without foundation."

The dual standard has also been held applicable to the attorneys' fees provisions in federal environmental statutes. *Consolidated Edison Co. v. Realty Investment Associates*, 524 F. Supp. 150 (S.D.N.Y. 1981). However, it apparently is "more difficult for an environmental plaintiff than a civil rights plaintiff to recover an attorney fee." Derfner & Wolf, COURT AWARDED ATTORNEY FEES, ¶ 8.02, p. 8-7 (Matthew Bender, 1991).

V. THE CONCEPT OF PREVAILING PARTY

The phrase "prevailing party" is not limited to a victor only after entry of a final judgment following a full trial on the merits. "The fact that respondent prevailed through a settlement rather than through litigation does not weaken her claim to fees." *Maher v. Gagne*, 448 U.S. 122, 129 (1980). Permitting fee awards upon favorable settlements encourages prevailing parties to settle, thereby lessening docket congestion, and it prevents losing parties from escaping liability for fees merely by conceding cases before final judgment.

The simplest means of providing for an award is through a stipulation in the settlement that a particular party has prevailed and that a specified amount constitutes reasonable attorneys' fees. It has been held that, in settled cases in which courts are called upon to determine entitlement to attorneys' fees, judges should engage in "a close scrutiny of the totality of circumstances surrounding the settlement, focusing particularly on the necessity for bringing the action and whether the party is the successful party with respect to the central issue." Use of this standard will prevent fee awards in "nuisance settlements." *Parker v. Matthews*, 411 F. Supp. 1059, 1064 (D.D.C. 1976), *aff'd sub nom. Parker v. Califano*, 561 F.2d 320 (D.C. Cir. 1977).

Plaintiffs may also be deemed prevailing for purposes of attorneys' fees when no judgment or settlement occurs, but their suit serves as a catalyst in prompting the defendant to alter his conduct. To recover fees in these circumstances, plaintiffs must "establish causation between their litigation and 'some of the benefits' they sought." *NAACP v. Wilmington Medical Center, Inc.*, 689 F.2d 1161, 1167 (3d Cir. 1983), *rehearing denied*, 693 F.2d 22 (3d Cir. 1983), *cert. denied*, 460 U.S. 1052 (1983). However, in *Williams v. General Foods Corp.*, 492 F.2d 399, 408 (7th Cir. 1974), the court said that the term "prevailing party" in Title VII of the Civil Rights Act of 1964 should not be "extended beyond a courtroom context to include actual effect on corporate policy."

In cases that are litigated to conclusion, a party may be deemed to have prevailed for purposes of a fee award prior to the losing party's having exhausted its final appeal. However, a party that prevails at the trial level will ultimately be entitled to a fee award only if it finally prevails on appeal. *See, Poelker v. Doe*, 432 U.S. 519, 521 n.2 (1977).¹⁰ A party awarded fees upon prevailing at the trial level apparently may be precluded from collecting them pending appeal; Federal Rule of Civil Procedure 62 (28 U.S.C. App. Rule 62) provides for a stay of proceedings to enforce a judgment pending appeal. If a party that prevails at the trial level should collect a fee award and subsequently lose the case on appeal, it apparently would be obligated to return the money.

A party may also be deemed to have prevailed even before final disposition at the trial level. In *Bradley v. Richmond School Board*, 416 U.S. 696, 723 (1974), the Supreme Court wrote:

To delay a fee award until the entire litigation is concluded would work a substantial hardship on plaintiffs and their counsel, and discourage the institution of actions. . . . A district court must have the discretion to award fees and costs incident to the final disposition of interim matters.

At what stage of the litigation may a party be entitled to an interim award? In *Bradley* the Court would:

say only that the entry of any order that determines substantial rights of the parties may be an appropriate occasion upon which to consider the propriety of an award of counsel fees. . . .

Id. at n.28.

¹⁰ Fee awards may include amounts incurred in litigation over the fee award. *See* 16 ALR Fed 643, § 10. However, in *Jensen v. City of San Jose*, 806 F.2d 899 (9th Cir. 1986) (*en banc*), the defendant prevailed on the merits and was awarded fees. On appeal, the fee award (but not the decision on the merits) was overturned, and the plaintiff was held ineligible to recover attorneys' fees incurred in overturning the fee award.

In *Bradley*, the statute under which fees were awarded, 20 U.S.C. § 1617 (since repealed), permitted awards only "[u]pon entry of a final order by a court of the United States." The Court, in allowing an interim award under this statute, noted that "many final orders may issue in the course of litigation." *Id.* at 723. In the case of a statute or common law rule that permits fee awards to prevailing parties but does not expressly make entry of a final order a prerequisite for such awards, fee awards may be appropriate at some stage of the litigation prior to entry of an interim final order.

Some courts have required recipients of interim awards to post bonds to insure recovery of the awards and interest should the recipients ultimately lose. *Nicodemus v. Chrysler Corp. -- Toledo Machining Plant*, 445 F. Supp. 559 (N.D. Ohio 1977), *rev'd on other grounds*, 596 F.2d 152 (6th Cir. 1979); *Howard v. Phelps*, 443 F. Supp. 374 (E.D. La. 1978).

In *Hanrahan v. Hampton*, 446 U.S. 754 (1980), a district court had directed verdicts for the defendants, but the court of appeals had reversed and ordered a new trial. The court of appeals had also ordered the defendants, under the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988, to pay the attorneys' fees incurred by the plaintiffs during the course of their appeal. The Supreme Court reversed the award of attorneys' fees on the ground that the plaintiffs were not "prevailing" parties as required by the statute as a condition for a fee award. The Court concluded that, under section 1988, although "a person may in some circumstances be a 'prevailing party' without having obtained a favorable 'final judgment following a full trial on the merits,'" a party must have "established his entitlement to some relief on the merits of his claims, either in the trial court or on appeal." Being granted the right to a new trial was not a victory on the merits; nor were any favorable procedural or evidentiary rulings victories on the merits, even though they may affect the disposition on the merits.¹¹

In *Hewitt v. Helms*, 482 U.S. 755 (1987), the Supreme Court held that, under section 1988, a plaintiff was not entitled to a fee award where "[t]he most that he obtained was an interlocutory ruling [by a court of appeals] that his complaint should not have been dismissed for failure to state a constitutional claim." The court of appeals had "explicitly left it to the District Court 'to

¹¹ The Court's holding in *Hanrahan* apparently applies to cases brought under Title II and Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000a-3(b) and 2000e-5(k), and section 402 of the Voting Rights Act Amendments of 1975, 42 U.S.C. § 19731(e), since, as the Court noted, section 1988 was patterned on these statutes. 446 U.S. at 758 n.4. Under Title VII, a party who prevails on an interlocutory appeal apparently is entitled to attorneys' fees at least "when an interlocutory appeal results in a final resolution of a separable dispute." *Grubbs v. Butz*, 548 F.2d 973, 975 n.5 (D.C. Cir. 1976). See also *Smith v. University of North Carolina*, 632 F.2d 316 (4th Cir. 1980); *Van Hoomissen v. Xerox Corp.*, 503 F.2d 1131 (9th Cir. 1974).

determine the appropriateness and availability of the requested relief,' 655 F.2d, at 503; the Court of Appeals granted no relief of its own, declaratory or otherwise." *Id.* at 760.

In *Rhodes v. Stewart*, 488 U.S. 1, 4 (1988) (per curiam), the Supreme Court held that a declaratory judgment, like any other judgment, "will constitute relief, for purposes of section 1988, if, and only if, it affects the behavior of the defendant towards the plaintiff. In this case, there was no such result." In this case, two prisoners had sued prison officials for refusing to allow them to subscribe to a magazine. They won declaratory relief, but only after one had died and the other had been released from prison.

In *Ruckelshaus v. Sierra Club*, 463 U.S. 680, 694 (1983), the Supreme Court held that section 307(f) of the Clean Air Act, 42 U.S.C. § 7607(f), authorizes awards of attorneys' fees only to plaintiffs who have "some degree of success on the merits." This statute, as well as other federal environmental laws, provides: "In any judicial proceeding under this section, the court may award costs of litigation (including reasonable attorney and expert witness fees) whenever it determines that such an award is appropriate." On their face, these statutes allow fee awards even to parties who do not prevail, and, in the case under consideration, the court of appeals had awarded fees to such a party, holding that it was "appropriate" for it to receive fees for its contributions to the goals of the Clean Air Act. The Supreme Court acknowledged that the legislative history of the Act stated that it was not intended that fee awards "should be restricted to cases in which the party seeking fees was the 'prevailing party.'" 463 U.S. at 687. However, the Court noted, prior to enactment of section 307(f), some courts had interpreted the phrase "prevailing party" in various fee-shifting statutes as limited to a party who prevailed "essentially" on "central issues." *Id.* at 688. When Congress said that awards under section 307(f) should not be restricted to prevailing parties, it meant, the Court held, merely to eliminate these restrictive readings of the phrase "prevailing party." Specifically, Congress meant only "to expand the class of parties eligible for fee awards from prevailing parties to *partially prevailing parties* -- parties achieving *some success*, even if not major success" (emphasis supplied by Court). *Id.*¹²

¹² In footnote 1 of its opinion, the Court wrote: "Sixteen federal statutes and § 304(d) of the Clean Air Act contain provisions for awards of attorney's fees identical to § 307(f)." It then listed thirteen of them. The others are the Solid Waste Disposal Act, 42 U.S.C. § 6792(e), and two sections of the Toxic Substances Control Act (TOSCA), 15 U.S.C. §§ 2619(c)(2) and 2620(b)(4)(C). (The Court did list a third section of TOSCA, 15 U.S.C. § 2618(d)). The Court then wrote: "As explained below [it did not explain below], the interpretation of 'appropriate' in § 307(f) controls construction of the term in these statutes." The interpretation of these other statutes had not been at issue in the case.

In *Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983), the Supreme Court noted that "plaintiffs may be considered 'prevailing parties' for attorney's fees purposes if they succeed on any significant issue in litigation which achieves some of the benefit the parties sought in bringing suit." However, if the plaintiffs achieve only *some* of the benefit, then they will not necessarily be entitled to a full award of attorneys' fees. The Court addressed the issue of whether, under 42 U.S.C. § 1988, "a partially prevailing plaintiff may recover an attorney's fee for legal services on unsuccessful claims." *Id.* at 426. The Court held:

Where the plaintiff has failed to prevail on a claim that is distinct in all respects from his successful claims, the hours spent on the unsuccessful claim should be excluded in considering the amount of a reasonable fee. Where a lawsuit consists of related claims, a plaintiff who has won substantial relief should not have his attorney's fee reduced simply because the district court did not adopt each contention raised. But where the plaintiff achieved only limited success, the district court should award only that amount of fees that is reasonable in relation to the results obtained.

Id. at 440.

As for how to determine the amount of fees that is reasonable when the plaintiff achieves only limited success, the Court wrote:

There is no precise rule or formula for making these determinations. The district court may attempt to identify specific hours that should be eliminated, or it may simply reduce the award to account for the limited success. The court necessarily has discretion in making this equitable judgment.

Id. at 436-437.

In *Texas State Teachers Association v. Garland Independent School District*, 109 S.Ct. 1486 (1989), the Supreme Court held that, under 42 U.S.C. § 1988, although a party must prevail on a "significant" issue in order to be eligible for a fee award, it need not prevail on the "central" issue in the litigation. "[T]he *degree* of the plaintiff's success in relation to the other goals of the lawsuit is a factor critical to the determination of the size of a reasonable fee, not to eligibility for a fee award at all." *Id.* at 1492 (emphasis in original).

Can a person receive an award of attorneys' fees for representing himself? In *Kay v. Ehrler*, 111 S.Ct. 1435 (1991), the Supreme Court noted that there is no disagreement "that a *pro se* litigant who is *not* a lawyer is *not* entitled to attorney's fees" under 42 U.S.C. § 1988. The question before the Court however was whether a *pro se* litigant who *is* an attorney is entitled to fees under section 1988. The Court found no answer in the statute or in its legislative history. It

ruled against the attorney in an effort to create an incentive for attorneys not to represent themselves, because an attorney who represents himself "is deprived of the judgment of an independent third party." It concluded that its decision would serve "[t]he statutory policy of furthering the successful prosecution of meritorious claims."

VI. AWARDS OF ATTORNEYS' FEES INCURRED IN ADMINISTRATIVE PROCEEDINGS

Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e-5(k), provides, in pertinent part:

In any action or proceeding under this subchapter the court, in its discretion, may allow the prevailing party . . . a reasonable attorney's fee as part of the costs.

In *New York Gaslight Club v. Carey*, 447 U.S. 54 (1980), the plaintiff sought relief for an alleged violation of Title VII of the Civil Rights Act of 1964, and filed a state administrative proceeding, as required by the Act, and a federal court suit. She won the state proceeding and agreed to a dismissal of the federal court suit, except for her request for attorneys' fees. The Supreme Court upheld her right to an award by the court of attorneys' fees incurred at the administrative level. The Court noted "Congress's use of the broadly inclusive disjunctive phrase 'action or proceeding'" (*id.* at 61) and added that it found nothing to indicate that "proceeding" was intended to apply only to federal agency proceedings. It added that, for purposes of a fee award, it did not matter whether the plaintiff had lost at the administrative level and prevailed in court on the merits, or had prevailed at the administrative level and sued in court solely to recover attorneys' fees incurred at the administrative level. The Court wrote:

It would be anomalous to award fees to the complainant who is unsuccessful or only partially successful in obtaining state or local remedies, but to deny an award to the complainant who is successful in fulfilling Congress' plan that federal policies be vindicated at the state or local level.

Id. at 66.

Title VII's attorneys' fees provision has been a model for others. One of the statutes modeled on it was the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988. It provides:

In any action or proceeding to enforce a provision of sections 1981, 1982, 1983, 1985, and 1986 of this title, title IX of

Public Law 92-318, or title VI of the Civil Rights Act of 1964, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

In *Webb v. County Board of Education of Dyer County, Tennessee*, 471 U.S. 234 (1985), the plaintiff lost an administrative hearing authorized by state law but subsequently prevailed in a federal court suit under 42 U.S.C. § 1983. He then filed a motion for an award under section 1988 of attorneys' fees incurred in both the hearing and the suit. The Supreme Court faced the same question it had in faced in *Gaslight* -- the recoverability of fees incurred at the administrative level -- but this time with respect to fee awards under 42 U.S.C. § 1988 in cases brought under 42 U.S.C. § 1983. Even though section 1988 contains the same "action or proceeding" language as Title VII, the Court held that section 1988 does not authorize awards of fees in section 1983 administrative proceedings. The basis for the different results in *Gaslight* and *Webb* was that under Title VII administrative proceedings are mandatory, but under section 1983 they are not, and it is only mandatory proceedings that are brought to "enforce" a federal civil rights statute. Because the plaintiff could have gone "straight to court to assert" his section 1983 claim, the Court found that:

the school board proceedings in this case simply do not have the same integral function under § 1983 that state administrative proceedings have under Title VII. . . . Administrative proceedings . . . created by state law simply are not any part of the proceedings to enforce § 1983.
471 U.S. at 241.

The Court did not explicitly address whether the word "proceeding" in section 1988 had any reference in the context of a section 1983 "action or proceeding," but it did allow that attorneys' fees incurred in an administrative proceeding could be awarded in a section 1983 action to the extent "that any discrete portion of the work product from the administrative proceeding was work that was both useful and of a type ordinarily necessary to advance the civil rights litigation. . . ." *Id.* at 242.

The most recent Supreme Court decision to address the issue of awards of attorneys' fees incurred at the administrative level was *North Carolina Department of Transportation v. Crest Street Community Council, Inc.*, 479 U.S. 6 (1986). The plaintiffs in this case had prevailed in a federal administrative proceeding under Title VI of the Civil Rights Act of 1964, and sought to recover fees under section 1988 in an independent action in federal court. It might have been expected that the Supreme Court would decide whether section 1988 authorized an award of attorneys' fees incurred at the administrative level on the basis of whether an administrative proceeding under Title VI was mandatory, and therefore was a proceeding to enforce Title VI. However, the Court did not reach this issue because it rejected a fee award on a different

Two lower court cases have addressed the question of the recoverability of fees in administrative proceedings under the Rehabilitation Act. In *Department of Education v. Katherine D.*, 531 F. Supp. 517, 531 (D. Hawaii 1982), *rev'd on other grounds*, 727 F.2d 809 (9th Cir. 1983), *cert. denied*, 471 U.S. 1117 (1985), the district court held that it could award attorneys' fees for services rendered in connection with both judicial and administrative proceedings under § 504 of the Act. In *Watson v. United States Veterans Administration*, 88 F.R.D. 267 (C.D. Cal. 1980), a district court held that the agency itself could award fees under section 501 of the Act. The court, citing *Smith v. Califano*, held that construing section 501 "to authorize the agency to award attorney's fees is more in keeping with the purpose of the statute and the intent of Congress than the contrary interpretation." 88 F.R.D. at 269. The court noted that the "appropriate remedies' concept" is "incorporated in the Rehabilitation Act from Title VII." *Id.* at 268.¹⁶ Notwithstanding this decision, if the reasoning of *Crest Street* precludes courts from awarding fees in suits solely to recover attorneys' fees incurred in administrative proceedings under the Rehabilitation Act, then it apparently would also preclude agencies from awarding fees. However, in 1987, the EEOC amended the regulation cited above (29 C.F.R. § 1613.271(d)) to authorize federal agencies to award attorneys' fees in proceedings under section 501 or section 505 of the Rehabilitation Act.

VII. AWARDS OF ATTORNEYS' FEES IN CIVIL RIGHTS CASES

Virtually all federal civil rights laws permit awards of attorneys' fees and the major litigation concerning fee awards has occurred under these laws. Some aspects of these laws have already been discussed: the dual standard they have been construed to include, the meaning of the term "prevailing" they contain, and the extent to which they permit awards of fees incurred in administrative proceedings. This section of the report quotes or summarizes each attorney's fee provision applicable to a civil rights law, and discusses significant court decisions not covered in the discussions of the aspects of these laws just mentioned. The page on which the discussion of each statute begins is listed in the table of contents at the beginning of this report.

Civil Rights Act of 1964, Title II -- Public Accommodations

Title II prohibits discrimination and segregation on the basis of race, color, religion, or national origin in places of public accommodation such as hotels, restaurants, gasoline stations, theaters, and other places of exhibition or entertainment, if their operations affect commerce or if their acts of dis-

¹⁶ The concept is mentioned in section 505(a)(1), 29 U.S.C § 794a(1), which makes available to persons aggrieved by a violation of section 501 "[t]he remedies, procedures, and rights set forth in" Title VII.

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crimination or segregation are supported by state action. 42 U.S.C. § 2000a. Title II's attorneys' fees provision states:

the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs, and the United States shall be liable for costs the same as a private person.

42 U.S.C. § 2000a-3(b).¹⁶

In addition, the court may appoint an attorney for a complainant. 42 U.S.C. § 2000a-3(a).

Civil Rights Act of 1964, Title III -- Public Facilities

Title III gives the Attorney General the authority to bring a civil action on behalf of any person unable to initiate and maintain appropriate legal proceedings who claims:

that he is being deprived of or threatened with the loss of his right to equal protection of the laws, on account of his race, color, religion, or national origin, by being denied equal utilization of any public facility which is owned, operated, or managed by or on behalf of any State or subdivision thereof, other than a public school or public college, as defined in section 2000c of this title. . . .

42 U.S.C. § 2000b(a).

In any action under Title III "the United States shall be liable for costs, including a reasonable attorney's fee, the same as a private person." 42 U.S.C. § 2000b-1.

Civil Rights Act of 1964, Title VII -- Equal Employment Opportunities

Title VII prohibits discrimination by employers, employment agencies, and labor organizations on the basis of race, color, religion, sex, or national origin. Before an individual may bring a civil action in federal court under Title VII, he must file a charge with the Equal Employment Opportunity Commission (EEOC), which will attempt to resolve the complaint.¹⁷ However, if the

¹⁶ Cases under this provision are collected at 16 ALR Fed 621.

¹⁷ Prior to 1979, federal employees filed discrimination charges with the Civil Service Commission (CSC). Pursuant to Reorganization Plan No. 1 of 1978, the function of the CSC in this regard was transferred to the EEOC by Executive Order 12106 (44 Fed. Reg. 1053 (Jan. 3, 1979)). (Reorganization Plan No. 2 of 1978 abolished the CSC.)

individual alleges discrimination in a state or locality that prohibits it, then federal proceedings must be deferred until relief through state or local proceedings has been sought. 42 U.S.C. § 2000e-5(c). If the matter does end up in federal court, the court may appoint an attorney for the complainant. 42 U.S.C. § 2000e-5(f)(1). Relief may include injunctions and "such affirmative action as may be appropriate, which may include, but is not limited to, reinstatement or hiring of employees, with or without back pay. . . ." 42 U.S.C. § 2000e-5(g).¹⁸

Title VII's attorneys' fees provision reads:

In any action or proceeding under this subchapter the court, in its discretion, may allow the prevailing party, other than the Commission or the United States, a reasonable attorney's fee as part of the costs, and the Commission and the United States shall be liable for costs the same as a private person.

42 U.S.C. § 2000e-5(k).¹⁹

Title VII's attorneys' fees provision on its face bars awards in favor of the EEOC or the United States. In 1964, when the provision was enacted, Title VII did not apply to federal workers, so the United States at the time could be only a plaintiff in a Title VII suit. The 1972 amendments that made it possible for the United States to be a defendant under the Act did not amend the attorneys' fees provision, and, in *Copeland v. Martinez*, 603 F.2d 981 (D.C. Cir. 1979), cert. denied, 444 U.S. 1044 (1980), the issue arose whether an employee who sues the United States may be held liable for attorneys' fees. In this case the employee was found to have sued in bad faith, so the court did not have to decide whether Title VII affirmatively authorizes fee awards to the federal government as defendant. The court held only "that § 706(k) does not preclude a court from awarding the United States its attorneys' fees [under the common law exception] when it has been sued in bad faith." *Id.* at 987.

Of course, as discussed above, even if the United States is entitled to fees as a prevailing defendant under Title VII in the absence of bad faith on the part of the plaintiff, it may recover only upon a finding that the plaintiff's suit was "frivolous, unreasonable, or without foundation." Prevailing plaintiffs (other than the United States), in contrast, may recover fees "in all but very unusual circumstances." *Albemarle Paper Co. v. Moody*, 422 U.S. 405, 415 (1975).

Courts have held that in Title VII suits attorneys' fees may be awarded against state governments (*Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976)), and

¹⁸ Title VII has been held not to include compensatory damages; consequently, a teacher who retired before bringing suit based on discriminatory working conditions could not be a "prevailing party" eligible to recover attorneys' fees, although she had proved discrimination. *Harrington v. Vandalia-Butler Board of Education*, 585 F.2d 192 (6th Cir. 1978).

¹⁹ Cases under this provision are collected at 16 ALR Fed 643.

in favor of state governments (*Kutska v. California State College*, 564 F.2d 108 (3d Cir. 1977)).

Fair Housing Act

The Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, Public Law 100-430, prohibits discrimination on the basis of race, color, religion, sex, handicap, familial status (having children), or national origin in the sale or rental of housing, the financing of housing, or the provision of brokerage services. 42 U.S.C. §§ 3404-3606. An aggrieved person may bring a civil action, in which the prevailing party, other than the United States, may recover reasonable attorneys' fees and costs, with the United States liable for such fees and costs to the same extent as a private person. 42 U.S.C. § 3613(c). Presumably, the dual standard that applies to the fee-shifting provisions of other federal civil rights statutes will apply here. The court may appoint an attorney for the plaintiff. 42 U.S.C. § 3613(b).

In addition, the Secretary of Housing and Urban Development may bring an administrative proceeding, and the Attorney General may bring a civil action, against a violator. In either case, the prevailing party, other than the United States, may recover a reasonable attorney's fee and costs, except that the United States shall be liable for fees and costs only to the extent provided by the Equal Access to Justice Act, 5 U.S.C. § 504, 28 U.S.C. § 2412. 42 U.S.C. §§ 3612(p), 3614(d).

Fair Labor Standards Act

The Fair Labor Standards Act, among other things, prohibits employers from discriminating on the basis of sex in the amount of wages paid employees for equal work, and it prohibits labor organizations from causing employers to so discriminate. 29 U.S.C. § 206(d). Section 216(b) of Title 29 provides that in actions to enforce such provision, the court:

shall, in addition to any judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid by the defendant, and costs of the action.

Age Discrimination in Employment Act of 1967

The Age Discrimination in Employment Act of 1967 (ADEA), 29 U.S.C. §§ 621 *et seq.*, as amended by Public Law 99-592, prohibits, with certain exceptions, employers, employment agencies, and labor organizations from discriminating on the basis of age against individuals who are at least 40 years

old. Section 7(b) of the Act, 29 U.S.C. § 626(b), incorporates the attorneys' fees provision of the Fair Labor Standards Act, 29 U.S.C. § 216(b).²⁰

In 1974, a section was added to the ADEA to protect federal employees from age discrimination. 29 U.S.C. § 633a. However, this section provides that other provisions of the ADEA shall not apply in the case of federal employees (29 U.S.C. § 633a(f)), and the section makes no reference to attorneys' fees. Consequently, it is unsettled whether they may be awarded to federal employees who prevail at the administrative or the judicial level. See *Palmer v. General Services Administration*, 787 F.2d 300 (8th Cir. 1986), and cases cited therein.

The Civil Service Reform Act of 1978 provides for awards of attorneys' fees "in accordance with the standards prescribed under section 706(k) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(k))" to a federal "employee or applicant for employment" who is discriminated against "on the basis of age, as prohibited under sections 12 and 15 of the Age Discrimination in Employment Act of 1976 (29 U.S.C. 631, 633a)." 5 U.S.C. §§ 7701(g)(2), 2302(b)(1)(B). However, these provisions of the Civil Service Reform Act authorize only the Merit Systems Protection Board (MSPB), not the EEOC, to award attorneys' fees, and federal employees who wish to file age discrimination complaints at the administrative level ordinarily must do so before the EEOC. The MSPB becomes involved in age discrimination complaints when it hears appeals of "mixed case" complaints, which are discrimination complaints that an employee or job applicant raises as an affirmative defense to an adverse action. 29 C.F.R. § 1613.402.

Equal Credit Opportunity Act

The Equal Credit Opportunity Act, 15 U.S.C. §§ 1691 *et seq.*, makes it unlawful for any person, business, or governmental agency that regularly extends credit to discriminate against any credit applicant:

- (1) on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract); (2) because all or part of the applicant's income derives from any public assistance program; or (3) because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Section 1691e(d) provides that in any successful action to enforce the Act, "the costs of the action, together with a reasonable attorney's fee as determined by the court, shall be added to any damages awarded. . . ."

²⁰ See 24 ALR Fed 808, 862 on this point; see 99 ALR Fed 30 on fee awards under the ADEA generally.

Voting Rights Act of 1965

The attorneys' fees provision of this Act states:

In any action or proceeding to enforce the voting guarantee of the fourteenth or fifteenth amendment, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

42 U.S.C. § 1973l(e).²¹

The Voting Accessibility for the Elderly and Handicapped Act provides:

Notwithstanding any other provision of law, no award of attorney fees may be made with respect to an action under this section, except in any action brought to enforce the original judgment of the court.

42 U.S.C. § 1973ee-4(c).

Civil Service Reform Act of 1978

The Civil Service Reform Act of 1978, as amended, provides:

An employee of an agency who . . . is found . . . to have been affected by an unjustified or unwarranted personnel action . . . is entitled, on correction of the personnel action, to receive . . . reasonable attorney fees related to the personnel action which, with respect to any decision relating to an unfair labor practice or grievance processed under a procedure negotiated in accordance with chapter 71 of this title, or under chapter 11 of title I of the Foreign Service Act of 1980, shall be awarded in accordance with standards established under section 7701(g) of this title.

5 U.S.C. § 5596(b)(1)(A)(ii).

Section 7701(g) provides:

(1) Except as provided in paragraph (2) of this subsection, the [Merit Systems Protection] Board, or an administrative law judge or other employee of the Board designated to hear a case, may require payment by the agency involved of reasonable attorney fees . . . if warranted in the interest of justice. . . .

²¹ Cases under this provision are collected at 68 ALR Fed 206.

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(2) If an employee or applicant for employment is the prevailing party and the decision is based on a finding of discrimination prohibited under section 2302(b) of this title, the payment of attorney fees shall be in accordance with the standards prescribed under section 706(k) of the Civil Rights Act of 1964 (42 U.S.C. 2000e-5(k)).

Section 2302(b) provides:

Any employee who has authority to take, direct others to take, recommend, or approve any personnel action, shall not, with respect to such authority -- (1) discriminate for or against any employee or applicant for employment --

(A) on the basis of race, color, religion, sex, or national origin, as prohibited under section 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-16);

(B) on the basis of age, as prohibited under sections 12 and 15 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 631, 633a);

(C) on the basis of sex, as prohibited by section 6(d) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(d));

(D) on the basis of handicapping conditions, as prohibited under section 501 of the Rehabilitation Act of 1973 (29 U.S.C. 791); or

(E) on the basis of marital status or political affiliation as prohibited under any law, rule, or regulation.

Thus, in the ordinary case, fees may be awarded if "warranted in the interest of justice," but in civil rights cases the standards of 42 U.S.C. § 2000e-5(k) are incorporated, which apparently means that a prevailing plaintiff should recover fees "in all but very unusual circumstances." *Albemarle Paper Co. v. Moody*, 422 U.S. 405, 415 (1975).

Age Discrimination Act of 1975

The Age Discrimination Act of 1975, 42 U.S.C. §§ 6101 *et seq.*, prohibits age discrimination in programs or activities receiving federal, financial assistance. Public Law 95-478, § 401, amended 42 U.S.C. § 6104(e) to provide that "the court shall award the costs of suit, including a reasonable attorney's fee, to the prevailing plaintiff."

Civil Rights of Institutionalized Persons Act

Section 3 of the Civil Rights of Institutionalized Persons Act, 42 U.S.C. § 1997a, provides that the Attorney General may institute a civil action against any state or political subdivision of a state or employee thereof whom he has

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reasonable cause to believe is engaging in a pattern or practice of subjecting persons residing in or confined to an institution (which includes, among other things, mental institutions, prisons, and nursing homes) to egregious or flagrant conditions which deprive such persons of any rights, privileges, or immunities conferred by the Constitution or laws of the United States. In any such action, "the court may allow the prevailing party, other than the United States, a reasonable attorney's fee against the United States as part of the costs."

In addition, section 5 of the Act, 42 U.S.C. § 1997c, provides that the Attorney General may intervene in any private action commenced in any federal court seeking relief from a pattern or practice of egregious or flagrant conditions which deprive persons in institutions of any rights, privileges, or immunities secured by the Constitution or laws of the United States. (This section does not appear to create a new private right of action; rather, it contemplates actions under existing law, such as 42 U.S.C. § 1983.) Section 5(d) reads:

In any action in which the United States joins as an intervenor under this section, the court may allow the prevailing party, other than the United States, a reasonable attorney's fee against the United States as part of the costs. Nothing in this subsection precludes the award of attorney's fees available under any other provisions of the United States Code.

House Conference Report No. 96-897 explains at pages 12-13:

In both the initiation and intervention sections, the Act makes clear the liability of the United States to opposing parties for attorneys' fees whenever it loses. The award is discretionary with the court, and it is intended that the present standards used by courts under the civil rights laws will apply. However, it is not intended that recovery be allowed from the United States, as a plaintiff, by another plaintiff or plaintiff-intervenor. The award is to be made to an opposing party who prevails.

Thus, in actions instituted by or intervened in by the Attorney General, fees may be awarded against the United States only to prevailing defendants, and only if the suit was, in the words of *Christiansburg, supra*, 434 U.S. at 421, "frivolous, unreasonable, or without foundation." Prevailing plaintiffs, other than the United States, apparently may recover attorneys' fees against defendants if awards are authorized under a statute such as the Civil Rights Attorney's Fees Awards Act of 1976 or the common law bad faith exception to the American rule.

Civil Rights Attorney's Fees Awards Act of 1976

The Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988, provides:

In any action or proceeding to enforce a provision of sections 1981, 1982, 1983, 1985, and 1986 of this title, title IX of Public Law 92-318, or title VI of the Civil Rights Act of 1964, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

The seven statutes under which section 1988 authorizes fee awards are now briefly examined in the order listed in the Act.²² After that, three remaining civil rights laws, the Rehabilitation Act of 1973, the Education of the Handicapped Act, and the Americans With Disabilities Act of 1990, are discussed.

42 U.S.C. § 1981

This section provides:

All persons within the jurisdiction of the United States shall have the same right in every State and Territory to make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens, and shall be subject to like punishment, pains, penalties, taxes, licenses, and exactions of every kind, and to no other.

42 U.S.C. § 1982

This section provides:

All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property.

²² Cases under section 1988 are collected at 43 ALR Fed 243 and 69 ALR Fed 712.

42 U.S.C. § 1983

This section provides:

Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution, and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress.

Section 1983 permits suits against state and local officials, as individuals, if, under color of state law, they deprive someone of a federally protected right. The Supreme Court has held that a state is not a "person" subject to suit under section 1983. *Will v. Michigan Department of State Police*, 109 S.Ct. 2304 (1989). Furthermore, a suit for damages against a state official acting in his or her official capacity "is no different from a suit against the State itself." *Id.* at 2311. However, "a State official in his or her official capacity, when sued for injunctive relief, would be a person under § 1983 because 'official-capacity actions for prospective relief are not treated as actions against the State.'" *Id.* at 2311 n.10.

Section 1983 does permit suits against local governments, provided that the deprivation of rights was based on official policy and not merely *respondeat superior* (the common law liability of employers for acts of employees). *Monell v. Department of Social Services of the City of New York*, 436 U.S. 658 (1978). If a local official is sued under section 1983 in his official capacity, the public entity is liable, "provided, of course, the public entity received notice and an opportunity to respond." *Brandon v. Holt*, 469 U.S. 464, 471-472 (1985).

Although states may not be sued under section 1983, in suits against state officials in their official capacities, injunctive relief may be granted, and attorneys' fees may be awarded against a state, but not against state officials personally, except under the common law bad faith standard. *Hutto v. Finney*, 437 U.S. 678 (1978) (discussed in detail in section IX of this report). State officials who are not, like judges, immune from damages liability, may also be sued in their personal capacities for damages under section 1983, in which case they may be liable for fees even in the absence of bad faith. In such cases, however, the state will not be liable for fees. *Kentucky v. Graham*, 473 U.S. 159 (1985).²³

Maine v. Thiboutot, 448 U.S. 1 (1980), was a case brought under section 1983 in a state court challenging the state's method of computing benefits under

²³ *Hafer v. Melo*, 912 F.2d 628 (3d Cir. 1990), cert. granted, 111 S.Ct. 1070 (1991), raises the issue of when a state official may be sued in her individual capacity.

a federally-funded public assistance program. The state argued that section 1983 does not provide for suits brought to enforce purely statutory, non-constitutional claims, but the Supreme Court held that "the phrase 'and laws,' as used in § 1983, means what it says." *Id.* at 4. In other words, according to this case, suits may be brought under section 1983 to enforce statutory as well as constitutional claims -- even statutory claims unrelated to civil rights and even claims arising under statutes that do not themselves contain an express or implied private right of action. And, the Court held, under section 1988, state as well as federal courts may award attorneys' fees in section 1983 suits.

Subsequently, the Supreme Court limited the scope of this ruling. In *Pennhurst State School and Hospital v. Halderman*, 451 U.S. 1, 15 (1981), the Court held that, for section 1983 to apply, it must appear that Congress intended the statute upon which the claim is based "to create enforceable rights and obligations." In *Middlesex County Sewerage Authority v. National Sea Clammers Association*, 453 U.S. 1, 20 (1981), the Court further narrowed *Thiboutot* by holding that "[w]hen remedial devices provided in a particular act are sufficiently comprehensive, they may suffice to demonstrate congressional intent to preclude the remedy of suits under § 1983." Of course, in any case in which, as a result of these holdings, section 1983 does not apply, attorneys' fees may not be awarded under section 1988.

In *Dennis v. Higgins*, 111 S.Ct. 865 (1991), the Supreme Court held that suits against state officials for violation of the Commerce Clause (Art. I, § 8, cl. 3) may be brought under section 1983. The Court found that the Commerce Clause confers a right "to engage in interstate trade free from restrictive state regulation" (*id.* at 871), and that this right is protected by section 1983.

There may be another limitation upon awards of attorneys' fees under section 1988 in section 1983 cases. In *Maher v. Gagne*, 448 U.S. 122 (1980), which the Supreme Court decided the same day as *Thiboutot*, the Court left open the question whether the Eleventh Amendment prohibits federal courts from awarding fees in wholly-statutory, non-civil rights cases. The impact of the Eleventh Amendment on awards of attorneys' fees against the states is considered in section IX of this report, but brief mention of it will be made here in order to explain more fully the holdings of *Maine v. Thiboutot* and *Maher v. Gagne*.

The Eleventh Amendment generally prohibits suits for damages in federal court against a state. Notwithstanding the Eleventh Amendment, however, a state may be sued for damages in federal court for violations of laws enacted to enforce the Fourteenth Amendment. Section 1983, and civil rights laws generally, were enacted to enforce the Fourteenth Amendment. *Maine v. Thiboutot*, however, held that section 1983 permits assertion of claims arising under both civil rights and non-civil rights laws. This raises the question whether claims arising under non-civil rights laws should be considered as having been brought under a law enacted to enforce the Fourteenth Amendment merely because the laws under which they arise may be enforced through the use of section 1983. The Court did not have to answer this question in *Maine*

v. Thiboutot because that case was brought in state court, where the Eleventh Amendment does not apply.

Maher v. Gagne the Court also avoided the question, but for a different reason. This case was brought in federal court, and, like *Maine v. Thiboutot*, it charged a state with having violated a non-civil rights law. However, the plaintiff in *Maher v. Gagne* also raised a constitutional claim, and that was decisive. Prior to trial, the case was settled favorably for the plaintiff, without the constitutional issue's being reached. The state argued that the Eleventh Amendment prohibited a fee award because the case involved a purely statutory, non-civil rights claim. The Court held, however, that, under section 1988, a federal court, notwithstanding the Eleventh Amendment, may award attorneys' fees in a case in which the plaintiff prevails on a wholly statutory, non-civil rights claim pendent to a substantial constitutional claim or in one in which both a statutory and a substantial constitutional claim are settled favorably to the plaintiff without adjudication." *Id.* at 132. Because of the constitutional claim (which was held to be substantial), the Court found "there is no need to reach the question whether a federal court could award attorney's fees against a State based on a statutory, non-civil-rights claim." *Id.* at 130.

42 U.S.C. § 1985

This section has three subsections. Subsection (a) gives to "any person" a right to be free from a conspiracy "to prevent, by force, intimidation, or threat" the acceptance of a federal office "or from discharging any duties thereof." Subsection (b) gives any person who is a party or a witness, or a grand or petit juror, in any court of the United States a right to be free from a conspiracy to obstruct justice. Subsection (c) protects persons from deprivations "of equal protection of the laws, or of equal privileges and immunities under the laws."

42 U.S.C. § 1986

This section provides that any person who has knowledge that any of the wrongs mentioned in 42 U.S.C. § 1985 are about to be committed, and has the power to prevent or aid in preventing the commission of such wrongs, who neglects or refuses so to do, shall be liable to the party injured for all damages caused by the wrongful act which such person by reasonable diligence could have prevented.

Title IX of Public Law 92-318

This statute, codified at 20 U.S.C. §§ 1681 *et seq.*, prohibits discrimination on the basis of sex, blindness, or severe visual impairment under any educational program or activity receiving federal assistance. In *Cannon v. University of Chicago*, 441 U.S. 677 (1979), the Supreme Court held that Title IX contains an implied private right of action.

Civil Rights Act of 1964, Title VI -- Federally Assisted Programs

This statute, codified at 42 U.S.C. §§ 2000d *et seq.*, provides:

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

In *Guardians Association v. Civil Service Commission of the City of New York*, 463 U.S. 582 (1983), a majority of the Justices indicated that Title VI contains a private right of action.

Rehabilitation Act of 1973

Section 501 of the Rehabilitation Act of 1973 provides protection from employment discrimination on the basis of handicap by federal executive branch agencies. 29 U.S.C. § 791. Section 504, as amended in 1978, prohibits discrimination solely by reason of handicap under programs receiving federal financial assistance or under programs conducted by executive agencies or by the Postal Service. 29 U.S.C. § 794. Section 505, which was added in 1978, provides that specified remedies, procedures, and rights set forth in Title VII of the Civil Rights Act of 1964 shall be available with respect to complaints under section 501, and the remedies, procedures, and rights set forth in Title VI of the Civil Rights Act of 1964 shall be available with respect to complaints under section 504. Section 505 also provides that, in any "action or proceeding" under the Rehabilitation Act, "the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs." 29 U.S.C. § 794a.

Individuals with Disabilities Education Act²⁴

An attorneys' fees provision was added to the Education of the Handicapped Act by the Handicapped Children's Protection Act of 1986, Public Law 99-372, 20 U.S.C. § 1415(e)(4). This statute was enacted to overturn *Smith v. Robinson*, 468 U.S. 992 (1984), in which the Supreme Court had applied the principle established in *Middlesex County Sewerage Authority v. National Sea Clammers*, *supra*, to preclude fee awards under the EHA. The plaintiffs in *Smith v. Robinson* had sued on behalf of a handicapped child who allegedly had been deprived of his right to a free special education. They had sued under state law and under three federal statutes: EHA, section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and 42 U.S.C. § 1983. The EHA guarantees the right

²⁴ Public Law 101-476, § 1001 (1990), 20 U.S.C. § 238 note, changed the name of this statute from the Education of the Handicapped Act. As the developments discussed in the text occurred prior to the change, we continue to use the former name in the text.

to a free appropriate public education in states that receive grants under the statute; the Rehabilitation Act prohibits discrimination on the basis of handicap in any program or activity that receives federal financial assistance; and section 1983 permits suits against state or local officials if, under color of state law, they deprive someone of a federal constitutional or statutory right.

The EHA prior to the 1986 Act did not authorize awards of attorneys' fees, but the Rehabilitation Act did, and 42 U.S.C. § 1988 permits fee awards in section 1983 cases. The plaintiffs in *Smith v. Robinson*, after prevailing on the merits of their case, asked the court to award fees pursuant to either the Rehabilitation Act or section 1988. The Supreme Court held that they were not entitled to relief under the Rehabilitation Act or section 1983, and therefore were not entitled to a fee award under either statute. Although these two statutes on their face appear to apply to cases of handicapped children who are denied their right to a free appropriate public education, the Court found that, in cases in which these two statutes do not provide rights greater than those available under the EHA, Congress intended the EHA to be the exclusive remedy.

Congress, therefore, added to the EHA the following:

In any action or proceeding brought under this subsection, the court, in its discretion, may award reasonable attorneys' fees as part of the costs to the parents or guardian of a handicapped child or youth who is the prevailing party.

20 U.S.C. § 1415(e)(4).

Administrative proceedings are mandatory under the EHA, and the legislative history makes clear that courts may award fees incurred at the administrative and the judicial levels, including when a party prevails at the administrative level and brings a court action solely to recover fees. Therefore, the Supreme Court's decisions in neither *Webb* nor *Crest Street* appear to preclude a court from awarding attorneys' fees incurred at the administrative level. The attorneys' fees provision prohibits bonuses and multipliers (*see* ch. XI), and contains a section based on Rule 68 of the Federal Rules of Civil Procedure (*see* ch. XII).

Americans with Disabilities Act of 1990

The ADA, 42 U.S.C. §§ 12101 *et seq.*, provides protection against discrimination on the basis of disability in employment, public services, public accommodations, and telecommunications. It supplements the Rehabilitation Act of 1973 by extending such protection, to varying degrees, to Congress and the legislative branch agencies, to the states²⁶, and to the private sector. Section 505 of the ADA, 42 U.S.C. § 12205, provides:

²⁶ Eleventh Amendment immunity, which is discussed in ch. IX of this report, is explicitly waived by section 502 of the ADA, 42 U.S.C. § 12202.

In any action or administrative proceeding commenced pursuant to this Act, the court or agency, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including litigation expenses, and costs, and the United States shall be liable for the foregoing the same as a private individual.

VIII. AWARDS OF ATTORNEYS' FEES IN TAX CASES

Section 7430 of the Internal Revenue Code, 26 U.S.C. § 7430, authorizes the Internal Revenue Service and federal courts to award attorneys' fees in tax cases in which a prevailing taxpayer proves that the position of the United States was not substantially justified. The law governing awards of attorneys' fees in tax cases has undergone several changes since 1976.

Awards of attorneys' fees in tax cases were first permitted by the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988, which authorized federal courts to award attorneys' fees to a prevailing party, other than the United States, "in any civil action or proceeding, by or on behalf of the United States of America, to enforce, or charging a violation of, a provision of the United States Internal Revenue Code." This provision, commonly known as the "Allen amendment," had little effect because of its limitation to tax cases brought "by or on behalf of the United States." Although in several circumstances the United States may bring suit under the Internal Revenue Code, in the vast majority of tax cases the taxpayer is the plaintiff. See *Key Buick Company v. Commissioner of Internal Revenue*, 613 F.2d 1306 (5th Cir. 1980). Even in those cases that are brought by or on behalf of the United States in which the taxpayer is the defendant, a prevailing defendant is entitled to fees under § 1988 only upon a finding that the action is "meritless in the sense that it is groundless or without foundation." *Hughes v. Rowe*, 449 U.S. 5, 14 (1980).

The Equal Access to Justice Act (EAJA), which took effect October 1, 1981, amended section 1988 to remove its authorization for awards of attorneys' fees in tax cases. EAJA instead itself authorized federal courts to award attorneys' fees against the United States in tax cases, except those brought in Tax Court. This exception had not been explicit in the Act, but H.R. Rep. No. 96-1418, 96th Cong., 2d Sess. 17 (1980), indicated that the courts empowered by the Act to award attorneys' fees "are those defined in section 451 of Title 28," and the Tax Court is not among them. Apart from this, awards of attorneys' fees in tax cases could be awarded under the same conditions as other awards against the United States under the EAJA: a prevailing plaintiff whose net worth was within the prescribed limits was entitled to an award up to \$75 per hour (or more if a special factor justified a higher fee) unless the United States proved that its position was substantially justified or that special circumstances made an award unjust.

Next, section 292 of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Public Law 97-248, made the EAJA inapplicable to tax cases and

enacted section 7430 of the Internal Revenue Code. Section 7430 authorized fee awards in federal courts, including Tax Court, placed a cap of \$25,000 on fee awards, and authorized awards only if the taxpayer proved that the position of the United States was "unreasonable." It contained no limits on hourly rates or the net worth of eligible plaintiffs. Section 7430 sunset, but was reenacted with amendments by § 1551 of the Tax Reform Act of 1986, Public Law 99-514. Finally, the 1988 Act amended section 7430 to apply in administrative, as well as court, proceedings.

The 1986 Act, while not placing tax cases back within the EAJA, amended section 7430 to make it more like the EAJA. Section 7430, as amended in 1988 and presently in effect, provides that, in any administrative or court proceeding brought by or against the United States, in connection with the determination, collection, or refund of any tax, interest, or penalty under the Internal Revenue Code, the prevailing party, other than the United States or a creditor of the taxpayer, may be awarded litigation costs, including reasonable attorneys' fees. Section 7430 contains the same limitations as the EAJA on the net worth of eligible plaintiffs and on hourly rates. Instead of requiring the taxpayer, to be eligible for a fee award, to prove that the position of the United States was "unreasonable," it requires him to prove that the position of the United States was "not substantially justified." (This is the standard of the EAJA, except that the EAJA places the burden of proof on the government to prove that its position was substantially justified. Unlike the EAJA, section 7430 does not allow the government to avoid a fee award where "special circumstances make an award unjust.") Like the EAJA, section 7430 defines "position of the United States" to include both the government's prelitigation and litigation position.²⁶ Under section 7430, the government's prelitigation position includes "any administrative action or inaction by the District Counsel of the Internal Revenue Service (and all subsequent administrative action or inaction)."

Section 6673(a) of the Internal Revenue Code, 26 U.S.C. § 6673(a), as amended by Public Law 101-239, § 7731(a), allows the Tax Court to impose upon a taxpayer a penalty of up to \$25,000 if it finds that --

- (A) proceedings before it have been instituted or maintained by the taxpayer primarily for delay,
- (B) the taxpayer's position in such proceedings is frivolous or groundless, or
- (C) the taxpayer unreasonably failed to pursue available administrative remedies.

Section 6673(a) also allows the Tax Court to require any attorney who unreasonably and vexatiously multiplies the proceedings in any case to pay personally the excess costs, expenses, and attorneys' fees reasonably incurred

²⁶ This was unsettled prior to the 1986 amendments (see *Powell v. Commissioner of Internal Revenue*, 791 F.2d 385 (5th Cir. 1986), and cases cited therein), as it had been under the EAJA prior to its 1985 amendments (see footnote 6 of this report).

because of such conduct. If the attorney is appearing on behalf of the IRS, then the United States must pay the amount awarded.

Section 6673(b) allows the court to impose upon a taxpayer a penalty of up to \$10,000 "[w]henver it appears to the court that the taxpayer's position in proceedings . . . under section 7433 is frivolous or groundless. . . ." Section 7433 authorizes taxpayers to sue the United States in federal district court if an Internal Revenue Service officer or employee "recklessly or intentionally disregards" any provision of the Internal Revenue Code. Under section 7433, a prevailing taxpayer may recover up to \$100,000 of "(1) actual, direct economic damages sustained as a proximate result of the reckless or intentional actions of the officer or employee, and (2) the costs of the action." Awards of attorneys' fees are already provided for by section 7430.

In addition, attorneys' fees may be awarded in tax cases against the taxpayer or the United States under the common law bad faith standard. *Farrell v. Rouan*, 578 F. Supp. 380 (E.D. Mich. 1984).

IX. AWARDS OF ATTORNEYS' FEES AGAINST THE STATES

Article III, § 2, of the United States Constitution provides that the judicial power of the United States shall extend to controversies between a state and citizens of another state. The Eleventh Amendment modifies this section by providing that the judicial power of the United States (*i.e.*, federal court jurisdiction) shall not be construed to extend to any suit against a state by citizens of another state or of a foreign state. In *Hans v. Louisiana*, 134 U.S. 1 (1890), the Supreme Court construed the Eleventh Amendment to prohibit a citizen from suing even his own state in federal court.²⁷ Notwithstanding the Eleventh Amendment, a state may consent to suit by its citizens or citizens of other states. *Missouri v. Fiske*, 290 U.S. 18, 24 (1933).

In *Ex parte Young*, 209 U.S. 123 (1908), the Supreme Court held that federal courts may enjoin state officials as individuals from enforcing state laws that violate the United States Constitution.²⁸ The Court reasoned that an official who attempts such action "comes into conflict with the superior authority of that Constitution, and he is in that case stripped of his official or representative character and is subject in his person to the consequences of his individual conduct." *Id.* at 159-160. One commentator noted:

The idea that the court restrained the individual rather than the state was, of course, pure fiction, since the state could

²⁷ Four Justices recently expressed the view that *Hans v. Louisiana* should be overruled. *Dellmuth v. Muth*, 109 S.Ct. 2397, 2403 (1989) (Brennan, Marshall, Blackmun, Stevens, JJ., dissenting).

²⁸ In subsequent cases, the Court has indicated that federal courts may also enjoin state officials from enforcing state laws that violate federal laws or regulations. *See, e.g.*, *Edelman v. Jordan*, *infra*.

not act other than through its officials. But through this fiction the Court apparently sought to guarantee the nation's authority to limit state action.

Attorneys' Fees and the Eleventh Amendment, 88 Harvard Law Review 1875, 1879 (1975).

In *Edelman v. Jordan*, 415 U.S. 651 (1974), the Supreme Court explicitly limited the types of relief that may be granted under the theory of *Ex parte Young*. The plaintiffs in *Edelman* had sued state officials, alleging that the officials were administering a welfare program in a manner inconsistent with various federal regulations. The district court found for the plaintiffs and ordered the state officials to comply with federal regulations in the future and to disburse all benefits wrongfully withheld in the past. The court of appeals affirmed. The Supreme Court affirmed the prospective portion of the district court's order, but reversed the retroactive portion of the order, holding that because the award "must inevitably come from the general revenues of the State of Illinois," it "resembles far more closely the monetary award against the State itself . . . than it does the prospective injunctive relief awarded in *Ex parte Young*." *Id.* at 665. The Court acknowledged that "the difference between the type of relief barred by the Eleventh Amendment and that permitted under *Ex parte Young* will not in many instances be that between day and night." *Id.* at 667. This is evidenced by the fact that the prospective portion of the district court's order, as well as the retroactive portion, necessarily required the payment of state funds, but this the Court termed a permissible "ancillary effect" of the prospective order.²⁹

In *Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976), the Supreme Court lessened the importance of its ruling in *Edelman* by holding that the Eleventh Amendment is "necessarily limited by the enforcement provisions of § 5 of the Fourteenth Amendment." In *Fitzpatrick* the plaintiffs had sued a state official under Title VII of the Civil Rights Act of 1964, which was enacted under section 5 of the Fourteenth Amendment and which includes a fee-shifting provision. Like the plaintiffs in *Edelman*, the plaintiffs in *Fitzpatrick* had sought prospective injunctive relief and retroactive benefits; in addition, in *Fitzpatrick* they had sought attorneys' fees. The district court awarded only the prospective relief, holding that the other relief was barred by *Edelman*. The court of appeals agreed that *Edelman* barred an award of retroactive benefits, but held that an award of attorneys' fees was a permissible ancillary benefit. The

²⁹ In *Pennhurst State School & Hospital v. Halderman*, 465 U.S. 89, 106, 121 (1984), the Supreme Court held "that *Young* and *Edelman* are inapplicable in a suit against state officials on the basis of state law. . . . [T]his principle applies as well to state-law claims brought into federal court under pendent jurisdiction." In other words, the Eleventh Amendment prohibits a state-law claim against state officials from being brought in federal court, even if it is joined with a federal-law claim. This has caused some state courts to refuse to "hear claims under 42 U.S.C. § 1983 (1982) that seek an award of attorney's fees under the Civil Rights Attorney's Fees Awards Act of 1976 (section 1988)." Wilbur, *Concurrent Jurisdiction and Attorney's Fees: The Obligation of State Courts to Hear Section 1983 Claims*, 134 University of Pennsylvania Law Review 1207 (1986).

Supreme Court did not decide whether an award of attorneys' fees constituted an impermissible retroactive benefit or a permissible ancillary benefit. Instead, it reversed the denial of retroactive benefits, holding that neither they nor an award of attorneys' fees were barred in situations in which Congress, under section 5 of the Fourteenth Amendment, had provided for suits against states or state officials. The Supreme Court held, in other words, that the constitutional power of Congress to enforce "by appropriate legislation" the Fourteenth Amendment was intended to supersede the Eleventh Amendment and allow congressionally authorized suits (and awards of attorneys' fees) against both states and state officials.

In *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, 242 (1985), the Supreme Court held "that Congress may abrogate the States' constitutionally secured immunity from suit in federal court only by making its intention unmistakably clear in the language of the statute." Subsequently, Congress made explicit that states are not immune under the Eleventh Amendment from suits in federal court under any "Federal statute prohibiting discrimination by recipients of Federal financial assistance." 42 U.S.C. § 2000d-7.³⁰

In *Pennsylvania v. Union Gas Co.*, 109 S.Ct. 2273 (1989), the Supreme Court held that Congress also has the authority to override States' Eleventh Amendment immunity when legislating pursuant to the Commerce Clause.

In *Hutto v. Finney*, 437 U.S. 678 (1978), the Supreme Court affirmed two awards of attorneys' fees against the State of Arkansas: a \$20,000 award by a federal district court and a \$2,500 award for services on appeal by the Court of Appeals for the Eighth Circuit. The district court based its award on the bad faith exception to the American rule. The court of appeals affirmed this award on the basis of the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988, which had been enacted while the appeal was pending, although the court of appeals noted that the award would have been justified under the bad faith exception. 548 F.2d 740, 742 n.6.

Because section 1988 is a statute enacted pursuant to section 5 of the Fourteenth Amendment, and *Fitzpatrick* held that the Eleventh Amendment does not apply to such statutes, the Supreme Court apparently could have affirmed the district court fee award in *Hutto* on the basis of section 1988 merely by finding that section 1988 permitted awards of attorneys' fees against the states. The Court chose, however, to affirm on the basis of the bad faith

³⁰ In *Dellmuth v. Muth*, 109 S.Ct. 2397, 2402 (1989), the Court held that the Education of the Handicapped Act, did "not evince an unmistakably clear intention to abrogate the States' constitutionally secured immunity from suit [in federal court]." This decision apparently applied only to suits alleging violations that occurred before 42 U.S.C. § 2000d-7 took effect in 1986. See *id.* at 2400-2401. Yet, in 1990, Public Law 101-476, § 103, amended the Education of the Handicapped Act to provide, effective October 30, 1990: "A State shall not be immune under the eleventh amendment to the Constitution of the United States from suit in Federal court for a violation of this Act." 20 U.S.C. § 1403. A committee report states that this was intended to overturn *Dellmuth v. Muth*. H.R. Rep. No. 101-544, 101st Cong., 2d Sess. 12; reprinted in 1990 U.S. Code Cong. & Ad. News 1723, 1734.

exception. As the bad faith exception is a common law rule, not enacted pursuant to a statute that abrogates Eleventh Amendment immunity, the Court had to address the Eleventh Amendment question. It held that the district court award served the same purpose as a remedial fine imposed for civil contempt and did not constitute a retroactive monetary award, and therefore was not barred by the Eleventh Amendment under *Edelman*.

In *Missouri v. Jenkins by Agyei*, 109 S.Ct. 2463, 2467 (1989), the Supreme Court made clear that the "holding of *Hutto* . . . was not just that Congress had spoken sufficiently clearly to overcome Eleventh Amendment immunity in enacting § 1988, but rather that the Eleventh Amendment did not apply to an award of attorney's fees ancillary to a grant of prospective relief." The holding of *Missouri* was that the Eleventh Amendment also does not apply to the calculation of the amount of a fee award and therefore does not prohibit enhancement of a fee award against a state to compensate for delay in payment.

The \$2,500 court of appeals award in *Hutto* was made solely pursuant to section 1988, and in affirming this award the Court held that Congress intended section 1988 to permit awards of attorneys' fees against the states. The Court based this conclusion on the legislative history of section 1988 and on the fact that section 1988 provides for fee awards "as part of the costs," and "[c]osts have traditionally been awarded without regard for the States' Eleventh Amendment immunity." *Id.* at 695. The Court also held that fees could be awarded against the state even though the state had not been named as a defendant. "Congress recognized that suits brought against individual officers for injunctive relief are for all practical purposes suits against the state itself." *Id.* at 700.

Thus, in a suit for injunctive relief, the state, not the state official, may be held liable for fees under section 1988. However, in a suit for injunctive relief, a state official may be assessed fees under the common law bad faith standard, which was not affected by section 1988. *Id.* at 692 n.19, 693, 700.

In addition, in *Kentucky v. Graham*, 473 U.S. 159 (1985), the Supreme Court indicated that state officials who are not, like judges (discussed below), immune from damages liability, may be sued in their personal capacities for damages under section 1983, and in such cases may be liable for fees even in the absence of bad faith. In such cases, however, the state will not be liable for fees.

The holding in *Hutto v. Finney* that section 1988 permits fee awards against the states took on added importance in 1980, when the Supreme Court expanded the reach of section 1988 in *Maine v. Thiboutot* and *Maher v. Gagne*, both of which were discussed in detail in section VI of this report. Briefly, *Maine v. Thiboutot* permitted state courts to award fees in any action against a state for violation of any federal law (although subsequent cases discussed above narrowed this holding), and *Maher v. Gagne* permitted federal courts to do the same, provided there is a substantial claim raised under the Constitution or a statute enacted under section 5 of the Fourteenth Amendment. The Court left open the question whether the Eleventh Amendment allows federal courts to award fees in wholly statutory non-civil rights cases.

Awards of Attorneys' Fees Against State Judges

In *Supreme Court of Virginia v. Consumers Union of the United States*, 446 U.S. 719 (1980), and in *Pulliam v. Allen*, 466 U.S. 522 (1984), the issue arose whether state judges, sued in their official capacities under 42 U.S.C. § 1983, enjoy any immunity from awards of attorneys' fees that other state officials lack. The answer, the Court found, depended upon whether the judges were sued for damages or injunctive relief, and whether the conduct concerning which they were sued had been performed in their legislative, enforcement, or adjudicative capacity.

In *Consumers Union*, the Virginia court's restrictions on lawyer advertising were found to violate the First Amendment's guarantee of freedom of speech. The Supreme Court held that in propounding the advertising prohibitions the Virginia court had acted in a legislative capacity, and that in such capacity it enjoys common law immunity from damages liability and from declaratory and injunctive relief, and thus from awards of attorneys' fees. However, the Court noted, although *Consumers Union* had alleged only that the Virginia court had promulgated the advertising prohibitions, the Virginia court, in addition to its legislative function, has adjudicative and enforcement authority in attorney disciplinary cases.

In their adjudicative and enforcement capacities, judges enjoy absolute immunity from damages liability. However, in both these capacities, they are subject to suits for injunctive relief, and, under section 1988, to awards of attorneys' fees. (*Consumers Union* held this with respect to courts' enforcement authority, and *Pulliam* held it with respect to their adjudicatory authority.) In *Pulliam*, the Court wrote:

Petitioner insists that judicial immunity bars a fee award because attorney's fees are the functional equivalent of monetary damages and monetary damages indisputably are prohibited by judicial immunity. She reasons that the chilling effect of a damages award is not less chilling when the award is denominated attorney's fees. There is, perhaps, some logic to petitioner's reasoning. The weakness in it is that it is for Congress, not this Court, to determine whether and to what extent to abrogate the judiciary's common-law immunity. See *Pierson v. Ray*, 386 U.S., at 554. Congress has made clear in § 1988 its intent that attorney's fees be available in any action to enforce a provision of § 1983.

466 U.S. at 543.

It should be emphasized that, under *Pulliam*, the state and not the judge ordinarily will be liable for attorneys' fees. As noted above, in *Hutto*, the Supreme Court held that, in injunctive suits, the state must pay fees awarded under section 1988; state officials may be held personally liable for fees only under the common law bad faith standard.

X. AWARDS OF COSTS IN FEDERAL COURTS

Federal Rule of Civil Procedure 54(d), 28 U.S.C. App. Rule 54(d), defines the power of federal courts to allow costs to prevailing parties. It states:

Except when express provision therefor is made in a statute of the United States or in these rules, costs shall be allowed as of course to the prevailing party unless the court otherwise directs; but costs against the United States, its officers, and agencies shall be imposed only to the extent permitted by law. . . .

"Costs" that may be awarded are those items enumerated in 28 U.S.C. § 1920, which do not include attorneys' fees. Section 1920 provides that federal courts may "tax as costs" (order the losing party to pay) the following:

- (1) Fees of the clerk and marshal;
- (2) Fees of the court reporter for all or any part of the stenographic transcript necessarily obtained for use in the case;
- (3) Fees and disbursements for printing and witnesses;
- (4) Fees for exemplification and copies of papers necessarily obtained for use in the case;
- (5) Docket fees under section 1923 of this title;
- (6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under section 1828 of this Title.

In *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 438 (1987), the Supreme Court "addressed the power of federal courts to require a losing party to pay the compensation of the winner's expert witnesses." The Court held that "a federal court is bound by the limits of [28 U.S.C.] § 1821, absent contract or explicit statutory authority to the contrary." *Id.* at 439. Section 1821, the cited statute, provides that witnesses in federal courts "shall be paid an attendance fee of \$40 per day for each day's attendance." Thus, if no contract or expert witness fee-shifting statute provides otherwise, a fee award to an expert witness may not exceed \$40 per day; the only exception is "when the witness is court-appointed." *Id.* at 442.³¹

The Court based its opinion on its reading of 28 U.S.C. § 1821 together with 28 U.S.C. § 1920 and Federal Rule of Civil Procedure 54(d). It rejected the view that

³¹ At the time of *Crawford Fitting*, witness fees were set at \$30; Public Law 101-650, § 314, raised them to \$40.

§ 1920 does not preclude taxation of costs above and beyond the items listed, and more particularly, amounts in excess of the § 1821 fee. Thus, the discretion granted by Rule 54(d) is a separate source of power to tax as costs expenses not enumerated in § 1920. We think, however, that no reasonable reading of these provisions together can lead to this conclusion, for petitioners' view renders § 1920 superfluous. If Rule 54(d) grants courts discretion to tax whatever costs may seem appropriate, then § 1920, which enumerates the costs that may be taxed, serves no role whatsoever. We think the better view is that § 1920 defines the term "costs" as used in Rule 54(d). Section 1920 enumerates expenses that a federal court may tax as a cost under the discretionary authority found in Rule 54(d).

Id. at 441-442.

In *West Virginia University Hospitals, Inc. v. Casey*, 111 S.Ct. 1138, 1141 (1991), the Supreme Court held that "the term 'attorney's fee' in § 1988" does not provide "the 'explicit statutory authority' required by *Crawford Fitting*" for the shifting of expert fees.³²

Awards of Costs For and Against the United States

At common law, the United States could recover costs "as if they were a private individual." *Pine River Logging Co. v. United States*, 186 U.S. 279, 296 (1902). No statute has changed this. Costs against the United States, however, at common law were barred by sovereign immunity, absent express statutory consent. *Id.* The provision of Rule 54(d) that "costs against the United States, its officers, and agencies shall be imposed only to the extent permitted by law," "is merely declaratory and effected no change in principle." *Reconstruction Finance Corp. v. J.G. Menihan Corp.*, 312 U.S. 81, 83 (1941).

Costs were made allowable against the United States in 1966 by 28 U.S.C. § 2412(a), which provides:

Except as otherwise specifically provided by statute, a judgment for costs, as enumerated in section 1920 of this title but not including the fees and expenses of attorneys may be awarded to the prevailing party in any civil action brought by or against the United States. . . .

S. Rep. No. 1329, 89th Cong., 2d Sess.; reprinted in 1966 U.S. Code Cong. & Ad. News 2528, said that the 1966 change was enacted to correct the --

³² The Court listed "34 statutes in 10 different titles of the U.S. Code [that] explicitly shift attorney's fees and [emphasis supplied by the Court] expert witness fees." 111 S.Ct. at 1142.

disparity of treatment between private litigants and the United States concerning the allowance of court costs. . . . As things now stand, only in rare cases can costs be awarded against the United States in the event that it is the losing party. On the other hand when it sues on a claim and wins, it can collect full costs.

Whether this disparity has been entirely eliminated appears questionable, because Rule 54(d), which allows costs against parties other than the United States, provides that costs "shall be allowed as of course," whereas section 2412, which allows costs against the United States, provides only that costs "may be awarded."

XI. DETERMINING A REASONABLE ATTORNEYS' FEE

The amount of attorneys' fees to be awarded pursuant to a statutory or common law exception to the American rule "should, as a general rule, be fixed in the first instance by the District Court, after hearing evidence as to the extent and nature of the services rendered." *Perkins v. Standard Oil of California*, 399 U.S. 222, 223 (1970).

The evidence presented to the district court must be relatively specific:

It is not necessary to know the exact number of minutes spent nor the precise activity to which each hour was devoted nor the specific attainment of each attorney. But without some fairly definite information as to the hours devoted to various general activities, e.g., pretrial discovery, settlement negotiations, and the hours spent by various classes of attorneys, e.g., senior partners, junior partners, associates, the court cannot know the nature of the services for which compensation is sought.

Lindy Bros. Builders, Inc. v. American Radiator & Standard Sanitary Corp., 487 F.2d 161, 167 (3d Cir. 1973).

In *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air (Delaware Valley I)*, 478 U.S. 546, 562-566 (1986), the Supreme Court explicated "the proper measure for determining the 'reasonableness' of a particular fee award":

One method, first employed by the Fifth Circuit in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (1974), involved consideration of 12 factors. *Johnson* was widely followed by other courts, and was cited with approval by both the House and the Senate when [42 U.S.C.] § 1988 was

enacted. . . .³³ Setting attorney's fees by reference to a series of sometimes subjective factors placed unlimited discretion in trial judges and produced disparate results.

For this reason, the Third Circuit developed another method of calculating "reasonable" attorney's fees. This method, known as the "lodestar" approach, involved two steps. First, the court was to calculate the "lodestar," determined by multiplying the hours spent on a case by a reasonable hourly rate of compensation for each attorney involved. *Lindy Bros. Builders, Inc. v. American Radiator & Standard Sanitary Corp.*, 487 F. 2d 161, 167 (CA3 1973) (*Lindy I*). Second, using the lodestar figure as a starting point, the court could then make adjustments to this figure, in light of "(1) the contingent nature of the case, reflecting the likelihood that hours were invested and expenses incurred without assurance of compensation; and (2) the quality of the work performed as evidenced by the work observed, the complexity of the issues and the recovery obtained." . . .

We first addressed the question of the proper manner in which to determine a "reasonable" attorney's fee in *Hensley v. Eckerhart*, 461 U.S. 424 (1983). We there adopted a hybrid approach that shared elements of both the *Johnson* and the lodestar method of calculation. "The most useful starting point for determining the amount of a reasonable fee is the number of hours reasonably expended on the litigation multiplied by a reasonable hourly rate. . . . To this extent, the method endorsed in *Hensley* follows the Third Circuit's description of the first step of the lodestar approach. Moreover, we went on to state: "The product of reasonable hours times a reasonable rate does not end the inquiry. There remain other considerations that may lead the district court to adjust the fee upward or downward. . . . We then took a more expansive view of what those "other considerations" might be, however, noting that "[t]he district court also may consider [the] factors identified in *Johnson v.*

³³ Footnote 7 of the Court's opinion states: "The 12 factors are: (1) the time and labor required; (2) the novelty and difficulty of the question; (3) the skill requisite to perform the legal service properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by the client or the circumstances; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of attorney; (10) the "undesirability" of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases. 488 F.2d, at 717-719. These factors were taken from the American Bar Association Code of Professional Responsibility, Disciplinary Rule 2-106 (1980)." They are now embodied in the American Bar Association Model Rules of Professional Conduct, Rule 1.5 (1983).

Georgia Highway Express, Inc., 488 F. 2d 714, 717-719 (CA5 1974), though it should note that many of these factors usually are subsumed within the initial calculation of hours reasonably expended at a reasonable hourly rate." *Id.*, at 434, n. 9 (citation omitted).

We further refined our views in *Blum v. Stenson*, 465 U.S. 886 (1984). . . . *Blum* also limited the factors which a district court may consider in determining whether to make adjustments to the lodestar amount. Expanding on our earlier finding in *Hensley* that many of the *Johnson* factors "are subsumed within the initial calculation" of the lodestar, we specifically held in *Blum* that the "novelty [and] complexity of the issues," "the special skill and experience of counsel," the "quality of representation," and the "results obtained" from the litigation are presumably fully reflected in the lodestar amount and thus cannot serve as independent bases for increasing the basic fee award. 465 U.S., at 898-900. Although upward adjustments of the lodestar figure are still permissible, *Id.*, at 901, such modifications are proper only in certain "rare" and "exceptional" cases, supported by both "specific evidence" on the record and detailed findings by the lower courts.³⁴

In short, the lodestar figure includes most, if not all of the relevant factors comprising a "reasonable" attorney's fee, and it is unnecessary to enhance the fee for superior performance in order to serve the statutory purpose of enabling plaintiffs to secure legal assistance.³⁵

In *Delaware Valley I*, the Court indicated that to be entitled to an upward adjustment, a prevailing party must show that it would have been unable "to obtain counsel without any promise of reward for extraordinary performance." It must present "specific evidence as to what made the results it obtained . . . so 'outstanding.'" It must show "that the lodestar figure . . . was far below awards made in similar cases where the court found equally superior quality of performance." Finally, to adjust a fee upward, a court must make "detailed findings as to why the lodestar amount was unreasonable, and in particular as to why the quality of representation was not reflected in the number of hours times the reasonable hourly rate." 478 U.S. at 567-568. The Court left open "the question of upward adjustment . . . based on the likelihood of success, or to put it another way, the risk of loss." *Id.* at 568. By "risk of loss" the Court

³⁴ Upward adjustments are also called "bonuses." The Supreme Court has stated that it thinks the characterization "upward adjustments" is "fairer." *Blum v. Stenson*, 465 U.S. at 896 n.12. Upward adjustments may be made "by way of multipliers or enhancement of the lodestar." *Delaware Valley I*, 478 U.S. at 568.

³⁵ The dissent thought that the Court had "improperly heightened the showing required to the point where it may be virtually impossible for a plaintiff to meet." 478 U.S. at 569.

apparently meant an attorney's risk of losing and not being paid at all because he had agreed to represent his client on a contingency basis, being paid out of the winnings or not at all.

The Court answered this question in a second opinion in the same case. *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air (Delaware Valley II)*, 483 U.S. 711 (1987), which was a 4-1-4 decision. Justice O'Connor concurred in parts of each plurality, which makes her opinion pivotal in determining what a majority of the Court decided in the case. Five justices (Justice O'Connor and the four who joined Justice Blackmun's dissent) decided that upward adjustments generally are appropriate in contingency fee cases. However, five justices (Justice O'Connor and the four who joined Justice White's plurality), decided that, even if "typical fee-shifting statutes are construed to permit supplementing the lodestar in appropriate cases by paying counsel for assuming the risk of nonpayment . . . it was error to do so in this case." 483 U.S. at 728.

Justice Blackmun's opinion, as limited by Justice O'Connor's, sets forth the general principles for courts to apply in determining the appropriateness of upward adjustments in contingency fee cases. Justice Blackmun wrote:

The premium added for contingency compensates for the *risk* of nonpayment if the suit does not succeed and for the *delay* in payment until the end of the litigation -- factors not faced by a lawyer paid promptly as litigation progresses. . . . In directing courts to award a "reasonable" attorney's fee . . . Congress made clear that the winning lawyer should be paid at a rate that is basically competitive with what the lawyer is able to earn in other cases.

Id. at 736-737 (emphasis in original).

Justice O'Connor added:

[A] court may not enhance a fee award any more than necessary to bring the fee within the range that would attract competent counsel. . . .

[N]o enhancement for risk is appropriate unless the applicant can establish that without an adjustment for risk the prevailing party "would have faced substantial difficulties in finding counsel in the local or other relevant market." . . .

Finally, a court should not award any enhancement based on "legal" risks or risks peculiar to the case. The lodestar . . . is flexible enough to account for great variation in the nature of the work performed in, and the challenges presented by, different cases.

Id. at 733-734.

In *Blum v. Stenson*, 465 U.S. 886, 895 (1984), the Supreme Court held that "reasonable fees" are to be calculated under [42 U.S.C.] § 1988 according to the prevailing market rates in the relevant community, regardless of whether the plaintiff is represented by private or nonprofit counsel.³⁶ The Court rejected the position that awards be calculated according to the cost of providing legal services, which for legal aid groups that pay low salaries is usually less than the prevailing market rates.³⁷

The Handicapped Children's Protection Act of 1986, Public Law 99-372, which added an attorneys' fees provision to the Education of the Handicapped Act, adopted this feature of *Blum v. Stenson*, but at the same time prohibited upward adjustments entirely. The statute provides:

For purposes of this subsection, fees awarded under this subsection shall be based on rates prevailing in the community in which the action or proceeding arose for the kind and quality of services furnished. No bonus or multiplier may be used in calculating fees awarded under this subsection.

20 U.S.C. § 1415(e)(4)(C).

In *Laffey v. Northwest Airlines, Inc.*, 746 F.2d 4 (D.C. Cir. 1984), *cert. denied*, 472 U.S. 1021 (1985), the court of appeals held that, for purposes of computing awards of attorneys' fees in civil rights cases, although a nonprofit legal organization is entitled under *Blum v. Stenson* to the prevailing market rate, a "for-profit" law firm that ordinarily charges less than the prevailing market rate -- a "quasi" public interest law firm, as the court called it in footnote 69 -- is entitled "in almost every case" only to its "established billing rates." *Id.* at 24. In *Save Our Cumberland Mountains, Inc. v. Hodel*, 857 F.2d 1516, 1520 (D.C. Cir. 1988) (*en banc*), the full court of appeals overruled *Laffey*, on the ground that its "anomalous" result was not intended by Congress. "Henceforth," the court wrote, "the prevailing market rate method heretofore used in awarding fees to traditional for-profit firms and public interest firms and public interest legal service organizations shall apply as well to those attorneys who practice privately and for profit but at reduced rates reflecting non-economic goals." *Id.* at 1524.

³⁶ In *Blum v. Stenson*, the Court also contrasted calculation of fee awards under the common fund doctrine and under § 1988. Under the former "a reasonable fee is based on a percentage of the fund bestowed on the class," while "a reasonable fee under § 1988 reflects the amount of attorney time reasonably expended on the litigation." 465 U.S. at 900 n.16. In *Skelton v. General Motors Corp.*, 860 F.2d 250 (7th Cir. 1988), the court of appeals held that the principles governing the shifting of attorneys' fees as between a plaintiff and a defendant -- in this case the requirements set forth in Delaware Valley II for awarding risk multipliers -- have much less application in common fund cases.

³⁷ Funds received from the Legal Services Corporation may not be used to provide legal assistance with respect to fee-generating cases, with some exceptions. 42 U.S.C. § 2996f(b)(1). A "fee-generating" case includes any case that "reasonably may be expected to result in a fee for legal services from an award to a client, from public funds, or from the opposing party." 45 C.F.R. § 1609.2. See rule proposed at 53 Fed. Reg. 50982, 53120 (1988).

In *City of Riverside v. Rivera*, 477 U.S. 561, 564 (1986), the Supreme Court held that, under 42 U.S.C. § 1988, an award of attorneys' fees is not "per se 'unreasonable' within the meaning of the statute if it exceeds the amount of damages recovered by the plaintiff in the underlying civil rights action." The Court wrote:

Unlike most private tort litigants, a civil rights plaintiff seeks to vindicate important civil and constitutional rights that cannot be valued solely in monetary terms. . . . And, Congress has determined that "the public as a whole has an interest in the vindication of the rights conferred by the statutes enumerated in § 1988, over and above the value of a civil rights remedy to a particular plaintiff. . . ."

Id. at 574.

What if a prevailing party is entitled to an award of "reasonable" fees from his opponent and has also agreed to pay his lawyer a contingent fee? Under 42 U.S.C. § 1988, if the "reasonable" fee is higher, then, the Supreme Court held in *Blanchard v. Bergeron*, 109 S.Ct. 939 (1989), the defendant must pay the higher fee. If the contingent fee is higher, then, the Supreme Court held in *Venegas v. Mitchell*, 110 S.Ct. 1679 (1990), the defendant is liable only for the "reasonable" fee, but the plaintiff must still pay his lawyer the higher contingent fee. The Court emphasized in *Venegas* that "Section 1988 makes the prevailing party eligible for a discretionary award of attorney's fees." *Id.* at 1683 (emphasis supplied by the Court). It would seem to follow that, in the *Blanchard* situation, where the "reasonable" fee is higher, the prevailing party may keep the difference between the "reasonable" fee paid by the defendant and the amount owed under the contingent fee agreement. This inference is supported by the Court's statement in *Venegas* that it "rejected the argument that the entitlement to a § 1988 award belongs to the attorney rather than the plaintiff." *Id.* at 1683. Yet, in *Blanchard*, the Court wrote:

Respondent cautions us that refusing to limit recovery to the amount of the contingency agreement will result in a "windfall" to attorneys who accept § 1983 actions. Yet the very nature of recovery under § 1988 is designed to prevent any such "windfall." Fee awards are to be reasonable. . . .

109 S.Ct. at 946 (emphasis added).

In *Missouri v. Jenkins by Agyei*, 109 S.Ct. 2463 (1989), in addition to deciding the Eleventh Amendment question discussed in section IX of this report, the Supreme Court held that, under section 1988, the time of paralegals and law clerks should be considered in determining the amount of a fee award.

Finally, there is the question of how to compute fee awards against the United States. Under the Equal Access to Justice Act and under the Internal Revenue Code, awards ordinarily are limited to \$75 per hour. Apart from this, fee awards against the United States are calculated the same way as fee awards against other parties. *Copeland v. Marshall*, 641 F.2d 880 (D.C. Cir. 1980) (*en*

banc). The full court of appeals in this case reversed an earlier opinion by a three judge panel of the court. 594 F.2d 244 (D.C. Cir. 1978). The panel had held that the *Johnson* guidelines:

are applicable generally to Title VII cases against a federal agency, but that special caution must be shown by the trial court in scrutinizing the claims of attorneys for fees against a federal agency in such litigation. Special caution is required because of the incentive which the defendant's "deep pocket" offers to attorneys to inflate their billing charges and to claim far more as reimbursement than would be sought or could reasonably be recovered from most private parties.

Id. at 250.

To exercise that caution, the court wrote:

the trial court should give consideration to abandoning the traditional claimed hourly-fee starting point for its calculations in favor of a principle of reimbursement to a firm for its costs, plus a reasonable and controllable margin for profit.

Id. at 251.

This "cost-plus" formula would have lowered fee awards in Title VII cases against the federal government, and consequently had been called "a serious blow to the whole public interest law movement." (*N.Y. Times*, Nov. 14, 1978, and issued an unreported opinion clarifying its decision.

The full court of appeals reversed, writing that it did "not think that the amount of the fee should depend on the identity of the losing party." 641 F.2d at 894. It noted that Title VII provides that the "United States shall be liable for costs the same as a private person," and that the incentive supplied by fee awards to refrain from discrimination should not be less for the government than it is for private employers. *Id.* at 895. Furthermore, the court feared "that the proposed 'cost-plus' method of calculating fees would indeed become the inquiry of 'massive proportions' that we strive to avoid." *Id.* at 896. In sum, the court believed that in Title VII cases, against the government or otherwise, attorneys should be compensated "for the market value of the services rendered." *Id.* at 900.

XII. RULE 68 OF THE FEDERAL RULES OF CIVIL PROCEDURE

Rule 68 of the Federal Rules of Civil Procedure, 28 U.S.C. App. Rule 68, creates an exception to the general rule in federal courts that a prevailing party is entitled to collect its court costs from the losing party. "The plain purpose of Rule 68 is to encourage settlement and avoid litigation." *Marek v. Chesny*, 473 U.S. 1, 5 (1985). Rule 68 provides that if, at any time more than 10 days before a trial begins, a party defending against a claim offers a settlement including

costs then accrued,³⁸ and the offeree fails to accept the offer within 10 days, then, if the offeree wins the lawsuit, but the judgment he obtains "is not more favorable than the offer, the offeree must pay the costs incurred after the making of the offer."³⁹ In other words, the plaintiff forfeits his right under Rule 54(d) to recover costs incurred after such time.⁴⁰

In *Marek v. Chesny*, the Supreme Court addressed the interaction of Rule 68 and the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988. Section 1988 authorizes the award of "a reasonable attorney's fee as part of the costs" in suits brought under 42 U.S.C. § 1983, and several other civil rights statutes. The Court held that, if a lawsuit is brought under a statute, such as section 1988, that provides for awards of attorneys' fees as *part* of the costs, then the term "costs" in Rule 68 includes attorneys' fees. The Court viewed this as the "plain meaning" interpretation of the interplay between Rule 68 and § 1988." *Id.* at 9.

This decision means that Rule 68 creates an exception not only to Rule 54(d), but also to all statutes that authorize awards of attorneys' fees to prevailing parties as part of the costs. Under *Marek v. Chesny*, a prevailing plaintiff otherwise entitled to recover attorneys' fees under one of these statutes is not entitled to recover attorneys' fees incurred after an offer to settle was made if the prevailing plaintiff rejected the offer and then won no more than had been offered.⁴¹

The dissent in *Marek v. Chesny* pointed out that this means that "Rule 68 will operate to *include* the potential loss of otherwise-recoverable attorney's fees as an incentive to settlement in litigation under" the following statutes (of which the dissent listed 63): those that refer "to the awarding of 'attorney's fees as part of the costs,' to 'costs including attorney's fees,' and to 'attorney's fees and other litigation costs.'" *Id.* at 23. Rule 68 will *not* include the potential loss of attorneys' fees in statutes (of which the dissent listed 49) that refer "to the

³⁸ An offer under Rule 68 need not "separately recite the amount that the defendant is offering in settlement of the substantive claim and the amount he is offering to cover accrued costs. . . . As long as the offer does not implicitly or explicitly provide that the judgment *not* include costs, a timely offer will be valid." *Marek v. Chesny*, 473 U.S. 1, 5, 6 (1985).

³⁹ Rule 68 also provides that the fact that an offer is not accepted does not preclude a subsequent offer, and that, if a party is adjudged liable for a claim, but the amount of liability remains to be determined, the party adjudged liable may then offer to settle, and the offer shall have the same effect as an offer made before trial.

⁴⁰ However, according to *Crossman v. Marcoccio*, 806 F.2d 329, 332 (5th Cir. 1986), *cert. denied*, 481 U.S. 1029 (1987), Rule 68 not only alters the Rule 54(d) presumption in favor of the prevailing party's recovering its own costs, it "obligates plaintiffs to pay defendants' post-offer costs after rejecting an offer more favorable than the judgment eventually obtained." *Accord*, *O'Brien v. City of Greers Ferry*, 873 F.2d 1115 (8th Cir. 1989).

⁴¹ The prevailing plaintiff never, however, has to pay the defendant's post-offer attorneys' fees, even under the two cases cited in this previous footnote. As these cases noted, this is because a civil rights defendant may not be awarded attorneys' fees unless he prevails (which, under the these cases, he need not do to recover costs under Rule 68) and unless the court determines that the plaintiff's action was "frivolous, unreasonable, or without foundation" (which it would not be in a case in which the plaintiff prevails).

awarding of 'costs and a reasonable attorney's fee,' of 'costs together with a reasonable attorney's fee,' or simply of 'attorney's fees' without reference to costs." *Id.* In addition, as the dissent pointed out: "A number of statutes authorize the award of 'costs and expenses, including attorney's fees.' It is altogether uncertain how such statutes [of which the dissent listed 7] should be categorized under the Court's 'plain language' approach to Rule 68." *Id.* at 44. In short, the dissent believed that *Marek v. Chesny* sanctions "a senseless patchwork of fee-shifting that flies in the face of the fundamental purpose of the Federal Rules -- the provision of uniform and consistent procedure in federal courts." *Id.* at 24.

If Congress wishes to restore uniformity with respect to the effect of Rule 68 on awards of attorneys' fees, then it could amend Rule 68 to define "costs" as used in Rule 68 either to include or to exclude attorneys' fees in suits brought under statutes authorizing awards of attorneys' fees. If it defines "costs" to include attorneys' fees, then attorneys' fees incurred after an offer would not be recoverable by plaintiffs who reject a settlement offer and then fail to win more than they had been offered. If it defines "costs" to exclude attorneys' fees, then such parties would lose their opportunity under Rule 54(d) to be awarded costs incurred after an offer, but would retain their entitlement to an award of attorneys' fees.

Alternatively, Congress could amend individual attorneys' fees statutes to provide that attorneys' fees may be awarded either as part of the costs or in addition to costs. It will also have to make this decision with respect to attorneys' fees statutes it enacts in the future.⁴² In the Handicapped Children's Protection Act of 1986, Public Law 99-372, which was enacted after *Marek v. Chesny*, Congress adopted a compromise approach to settlement offers. It included a provision modeled on Rule 68 that bars recovery of attorneys' fees and costs of plaintiffs who reject settlement offers, and applies to administrative proceedings as well as to civil actions under the Individuals with Disabilities Education Act (formerly the Education of the Handicapped Act; see page 36). However, it allows a prevailing plaintiff who would otherwise forfeit costs and attorneys' fees to recover them nevertheless if he had been substantially justified in rejecting a settlement offer. 20 U.S.C. § 1415(e)(4)(D). The conference report that accompanied the legislation stated: "Substantial justification for rejection would include relevant pending court decisions which could have an impact on the case in question." H.R. Rep. No. 99-687, 99th Cong., 2d Sess. 6 (1986).

⁴² The Civil Rights Act of 1990, S. 2104, 101st Congress, which was vetoed by the President, would have amended Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e-5(k), to authorize "a reasonable attorney's fee . . . and costs," instead of "a reasonable attorney's fee as part of the costs," as it now reads.

XIII. NEGOTIATED FEE WAIVERS

In *Evans v. Jeff D.*, 475 U.S. 717 (1986), the Supreme Court upheld the legality of negotiated waivers of attorneys' fees. *Evans* was a class action brought under 42 U.S.C. § 1983 seeking injunctive relief concerning the conditions of mentally and emotionally handicapped children institutionalized by the State of Idaho. One week before trial, the defendant offered the plaintiffs virtually all the injunctive relief they had sought -- on condition that the plaintiffs waive their claim to fees and costs under 42 U.S.C. § 1988. The plaintiff's lawyer "determined that his ethical obligation to his clients mandated acceptance of the proposal" (*Id.* at 722),⁴³ but he requested the district court to approve the settlement except for the provision on costs and attorneys' fees. (Class action settlements must be approved by the court under Rule 23 of the Federal Rules of Civil Procedure.) The district court upheld the fee waiver, but the court of appeals reversed on the ground that section 1988 "normally requires an award of fees to prevailing plaintiffs in civil rights actions, including those who have prevailed through settlement. The court added that '[w]hen attorney's fees are negotiated as part of a class action settlement, a conflict of interest frequently exists between the class lawyers' interest in compensation and the class members' interest in relief.'" *Id.* at 725. If negotiated fee waivers are permitted, then a defendant can exploit a plaintiff's lawyer's ethical obligation to his client to force him to waive fees that Congress arguably intended him to recover.

The Supreme Court rejected this view, holding that "[t]he statute and its legislative history nowhere suggest that Congress intended to forbid *all* waivers of attorney's fees. . . ." *Id.* at 731. The Court added that "there are many . . . civil rights actions in which potential liability for attorney's fees may overshadow the potential cost of relief on the merits and darken prospects for settlement if fees cannot be negotiated." *Id.* at 735.

In response to these two points of the majority, the dissent argued first, that, although there is no evidence that Congress intended to ban all fee waivers, "[t]here is no evidence that Congress gave the question of fee waivers any thought at all" (*id.* at 743-744), and second, that "a *judicial* policy favoring settlements cannot possibly take precedence over . . . express *congressional* policy" favoring "incentives for lawyers to devote time to civil rights cases" (*id.* at 760-761). The dissent concluded:

Although today's decision will undoubtedly impair the effectiveness of the private enforcement scheme Congress established for civil rights legislation, I do not believe that it

⁴³ The Supreme Court wrote: "it is argued that an attorney is required to evaluate a settlement offer on the basis of his client's interest, without considering his own interest in obtaining a fee; upon recommending settlement, he must abide by the client's decision whether or not to accept the offer." *Id.* at 728 n.14. The Court stated that the plaintiffs' lawyer's decision in this case "to recommend acceptance was consistent with the highest standards of our profession." *Id.* at 728.

will bring about the total disappearance of 'private attorneys general.' It is to be hoped that Congress will repair this Court's mistake. In the meantime, other avenues of relief are available. . . . Indeed, several Bar Associations have already declared it unethical for defense counsel to seek fee waivers. . . . In addition, it may be that civil rights attorneys can obtain agreements from their clients not to waive attorney's fees.

Id. at 765-766.⁴⁴

XIV. STATUTORY LIMITATIONS ON ATTORNEYS' FEES

Some federal statutes and regulations limit the amount attorneys may charge their clients for representing them before various federal agencies. These provisions have different types of limitations. For example, 38 U.S.C. § 3404(d), as amended by Public Law 100-687, limits contingent fees in cases before the Veterans' Administration (now the Department of Veterans Affairs) to 20 percent of past-due benefits awarded; 15 U.S.C. §§ 79g(d)(4) and 79j(b)(2)) provide that the amount of compensation paid under the Public Utility Holding Company Act of 1935 is subject to approval of the Securities and Exchange Commission; and 42 U.S.C. § 1383(d)(2) provides that the Secretary of Health and Human Services shall by rule and regulation prescribe maximum fees in Supplemental Security Income cases. A summary of federal statutes and regulations that limit attorneys' fees is published in Speiser, S., ATTORNEYS' FEES, § 2.11 (Lawyers Co-operative Publishing Co., 1973, Supp. Dec. 1990).

Some of these attorneys' fees limitations are controversial because, although they may protect claimants from having to pay to their attorneys a large portion of any amount awarded, they may also so limit fees as to deter lawyers from handling cases, thus in effect denying claimants legal representation. The Supreme Court, however, held that the former \$10 ceiling in Veterans' Administration cases is not unconstitutional for this reason. *Walters v. National Association of Radiation Survivors*, 473 U.S. 305 (1985). The Court noted Congress's desire "that the system should be as informal and non-adversarial as possible." *Id.* at 323-324. The Court did not, however, preclude the possibility that the \$10 limitation could be unconstitutional as applied in a particular case. *See, id.* at 336 (O'Connor, J., concurring).

In *United States Department of Labor v. Triplett*, 110 S.Ct. 1428 (1990), the Supreme Court upheld the fee limitations of the Black Lung Benefits Act, 30 U.S.C. § 932(a), which are incorporated from the Longshore and Harbor Workers' Compensation Act, 33 U.S.C. § 928. These limitations prohibit an attorney from receiving a fee unless approved by the appropriate agency or

⁴⁴ The majority and the dissent agreed that section 1988 "should not be interpreted to prohibit simultaneous negotiations of a defendant's liability on the merits and his liability for his opponent's attorney's fees." *Id.* at 738 n.30. The dissent, however, would have permitted the parties to negotiate "reasonable" fees, not waivers. *Id.* at 764-765.

court. In addition, "[t]he Department's regulations invalidate all contractual arrangements for fees . . . and the Department will not approve a fee if the claimant is unsuccessful." *Id.* at 1430. The Court concluded that there was no evidence adequate to "establish either that black lung claimants are unable to retain qualified counsel or that the cause of such inability is the attorney's fee system administered by the Department." *Id.* at 1435. Therefore, there was "no basis for concluding that that system deprives claimants of property without due process of law." *Id.*

The American Bar Association's Special Committee on Federal Limitations on Attorneys' Fees recommended in August, 1980 that Congress enact legislation establishing uniform principles for the regulation of attorneys' fees in proceedings conducted before federal administrative agencies, and that such legislation prohibit arbitrary maximum fees and provide for reasonable fees.

XV. FUNDING OF PARTICIPANTS IN FEDERAL AGENCY PROCEEDINGS

Federal agencies, like federal courts, may not, absent statutory authority, order one party to a proceeding to pay the attorneys' fees of another. Even the common law exceptions to the American rule are unavailable to federal agencies, as those exceptions stem from the inherent power of federal courts to do equity. *Turner v. Federal Communications Commission*, 514 F.2d 1354 (D.C. Cir. 1975). In addition, courts of appeals for two circuits have held that, absent statutory authority, an agency may not itself pay the attorneys' fees of participants in its proceedings. *Greene County Planning Board v. Federal Power Commission*, 559 F.2d 1227 (2d Cir. 1976), *rev'd on rehearing en banc*, 559 F.2d at 1237, *cert. denied*, 434 U.S. 1086 (1978); *Pacific Legal Foundation v. Goyan*, 664 F.2d 1221 (4th Cir. 1981).⁴⁶

Four federal agencies have explicit statutory authority to provide compensation for reasonable attorneys' fees, expert witness fees, and other costs of participating in their proceedings: the Federal Trade Commission, which has such authority for all its rulemaking proceedings (15 U.S.C. § 57a(h)), the Environmental Protection Agency, which has such authority for rulemaking proceedings under the Toxic Substances Control Act (15 U.S.C. § 2605(c)(4)), the Federal Energy Regulatory Commission, which has such authority for all proceedings before it (16 U.S.C. § 825q-1(b)(2)), and the Department of State, which has such authority for all proceedings, advisory committees, and delegations (22 U.S.C. § 2692). In addition, the Consumer Product Safety Commission may contribute to any person's cost with respect to participation with the Commission in the development of a consumer product safety standard (15 U.S.C. § 2056(c)). Notwithstanding these statutes, Congress has refused to appropriate funds to EPA or FERC to compensate participants in their proceedings.

⁴⁶ See 62 ALR Fed 849.

At one time, several federal agencies without explicit statutory authority to fund intervenors did so under what they viewed as their general statutory powers, and had the support of the Comptroller General in so doing. The latter, in a decision (B-92288), wrote:

[I]f the NRC in the exercise of its administrative discretion, determines that it cannot make the required determination unless it extends financial assistance to certain interested parties who require it, and whose participation is essential to dispose of the matter before it, we would not object to the use of appropriated funds for this purpose.⁴⁶

The courts, however, decided the *Greene County* and *Pacific Legal Foundation* cases cited above, and Congress eliminated most intervenor funding by prohibiting it in appropriations measures. Typical is the appropriations law for the Department of Housing and Urban Development for fiscal year 1991, Public Law 101-507, which, in § 510, provides:

None of the funds in this Act shall be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

XVI. SOME ARGUMENTS FOR AND AGAINST THE AMERICAN RULE

One line of arguments for and against the American rule centers around the philosophical question of whose expense an attorney should be. "In support of the American rule, it has been argued that since litigation is at best uncertain, one should not be penalized for merely defending or prosecuting a lawsuit. . . ." *Fleischmann v. Maier Brewing Co.*, 386 U.S. 714, 718 (1967). "[T]he expenses of litigation are . . . not the 'natural and proximate consequences of the wrongful act' . . . but are remote, future and contingent." *St. Peter's Church v. Beach*, 26 Conn. 355, 366 (1857). On the other hand, it has been noted that an injured person will not be made whole if he has to bear the expense of a lawyer. "[A] person who is successful in litigation is a part loser because he has to pay his own expenses and counsel fees, except a few minor items that are taxable as costs." *Rodulfa v. United States*, 295 F. Supp. 28 (D.D.C. 1969), *appeal dismissed*, 461 F.2d 1240 (D.C. Cir. 1972), *cert. denied*, 409 U.S. 949 (1972). "On what principle of justice can a plaintiff wrongfully

⁴⁶ In a subsequent letter (B-180224), the Comptroller General indicated that the above decision applied to several other agencies. This letter appears in a committee print of the Senate Committee on Commerce entitled *Agency Comments on the Payment of Reasonable Fees for Public Participation in Agency Proceedings*, 95th Cong., 1st Sess. (1977). See also B-139703 and 56 C.G. 111 (1976).

rundown on a public highway recover his doctor's but not his lawyer's bill?" Judicial Council of Massachusetts, First Report, 11 Massachusetts Law Quarterly 1, 64 (1925).

Another line of arguments centers around the question of whether keeping or abandoning the American rule will more effectively further the public policy of encouraging meritorious claims and deterring non-meritorious ones. "Current practice tends to deter prosecution of even clearly meritorious claims by litigants who could at best recover less than the often high expenses of counsel. . . . And what is true for plaintiffs also holds true for defendants: the cost of defending against an unjust small claim may easily exceed the cost of simply paying what is demanded. The result is distasteful, for it ranks legal rights by dollar value. . . ." *Court Awarded Attorney's Fees and Equal Access to the Courts*, 122 University of Pennsylvania Law Review 636, 650 (1974).

Requiring the loser to pay the winner's attorneys' fees might encourage litigation of some meritorious claims and discourage litigation of some non-meritorious ones. On the other hand, the uncertainty of litigation might also lead to the opposite results. "[T]he poor might be unjustly discouraged from instituting actions to vindicate their rights if the penalty for losing included the fees of their opponents' counsel." *Fleischmann, supra*. In addition, non-meritorious claims might be encouraged by the prospect of avoiding the expense of a lawyer. However, it has also been argued in support of requiring losers to pay winners' lawyers' fees that, while conceding the uncertainty of litigation, it should be assumed that courts will more often than not arrive at a correct result. Otherwise, courts might as well be dispensed with entirely, as it would be cheaper and less time consuming simply to flip a coin.

In support of the American rule it has also been argued that "the time, expense, and difficulties of proof inherent in litigating the question of what constitutes reasonable attorney's fees would pose substantial burdens for judicial administration." *Fleischmann, supra*. Since this comment was made, however, Congress has enacted many fee-shifting statutes that require courts to determine what constitutes a reasonable fee.

It has also been argued that abandonment of the American rule might have serious consequences for developing areas of the law, since potential litigants might be loath to espouse novel legal theories for fear of incurring additional expenses if they do not prevail.

Finally, since the prospect of an award of attorneys' fees might at times encourage suits and at other times deter them, the crowding of court calendars has been cited as an argument both for and against the American rule.

XVII. FEDERAL STATUTES THAT AUTHORIZE AWARDS OF ATTORNEYS' FEES

Ethics in Government Act of 1978

2 U.S.C. § 288i(d) (*see also* 28 U.S.C. § 593(f))

"The Senate may by resolution authorize the reimbursement of any Member, officer, or employee of the Senate who is not represented by the [Senate Legal] Counsel for fees and costs, including attorneys' fees, reasonably incurred in obtaining representation. Such reimbursement shall be from funds appropriated to the contingent fund of the Senate."

Federal Contested Elections Act

2 U.S.C. § 396

"The committee [on House Administration of the House of Representatives] may allow any party reimbursement from the contingent fund of the House of Representatives of his reasonable expenses of the contested election case, including reasonable attorneys fees. . . ."

Equal Access to Justice Act

5 U.S.C. § 504(a)(1) (*see also* 28 U.S.C. § 2412)

"An agency that conducts an adversary adjudication shall award, to the prevailing party other than the United States, fees and other expenses incurred by that party in connection with that proceeding, unless the adjudicative officer of the agency finds that the position of the agency was substantially justified or that special circumstances make an award unjust."

Freedom of Information Act

5 U.S.C. § 552(a)(4)(E)

"The court may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred in any case under this paragraph in which the complainant has substantially prevailed."

Privacy Act

5 U.S.C. § 552a(g)(2)(B)

"The court may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred in any case under this paragraph in which the complainant has substantially prevailed."

5 U.S.C. § 552a(g)(3)(B)

"The court may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred in any case under this paragraph in which the complainant has substantially prevailed."

5 U.S.C. § 552a(g)(4)

"In any suit brought under the provisions of subsection (g)(1)(C) or (D) of this section in which the court determines that the agency acted in a manner which was intentional or willful, the United States shall be liable to the individual in

an amount equal to the sum of . . . the costs of the action together with reasonable attorney fees as determined by the court."

Government in the Sunshine Act

5 U.S.C. § 552b(i)

"The court may assess against any party reasonable attorney fees and other litigation costs reasonably incurred by any other party who substantially prevails in any action brought in accordance with the provisions of subsection (g) or (h) of this section, except that costs may be assessed against the plaintiff only where the court finds that the suit was initiated by the plaintiff primarily for frivolous or dilatory purposes. In the case of assessment of costs against an agency, the costs may be assessed by the court against the United States."

Administrative Dispute Resolution Act

5 U.S.C. § 590(g)

"If an agency head vacates an award under subsection (c), a party to the arbitration (other than the United States) may within 30 days of such action petition the agency head for an award of attorney fees and expenses (as defined in section 504(b)(1)(A) of this title) incurred in connection with the arbitration proceeding. . . ."

Whistleblower Protection Act of 1989

5 U.S.C. § 1221(g)(1)

"If an employee, former employee, or applicant for employment is the prevailing party before the Merit Systems Protection Board, and the decision is based on a finding of a prohibited personnel practice, the agency involved shall be liable to the employee, former employee, or applicant for reasonable attorney's fees and any other reasonable costs incurred."

5 U.S.C. § 1221(g)(2)

"If an employee, former employee, or applicant for employment is the prevailing party in an appeal from the Merit Systems Protection Board, the agency involved shall be liable to the employee, former employee, or applicant for reasonable attorney's fees and any other reasonable costs incurred, regardless of the basis of the decision."

Civil Service Reform Act of 1978

5 U.S.C. § 5596(b)(1)

"An employee of an agency who . . . is found . . . to have been affected by an unjustified or unwarranted personnel action which has resulted in the withdrawal or reduction of all or a part of the pay, allowances, or differentials of the employee -- (A) is entitled, on correction of the personnel action, to receive . . . (ii) reasonable attorney fees related to the personnel action which . . . shall be awarded in accordance with standards established under section 7701(g) of this title."

5 U.S.C. § 7701(g)

"(1) Except as provided in paragraph (2) of this subsection, the Board . . . may require payment by the agency involved of reasonable attorney fees incurred by the employee or applicant for employment if the employee or applicant for

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employment is the prevailing party and the Board . . . determines that payment by the agency is warranted in the interest of justice. . . ."

"(2) If an employee or applicant for employment is the prevailing party and the decision is based on a finding of discrimination prohibited under section 2302(b)(1) of this title, the payment of attorney fees shall be in accordance with the standards prescribed under section 706k of the Civil Rights Act of 1964 (42 U.S.C. 2000e-5(k))."

Commodity Exchange Act

7 U.S.C. § 18(c)

"In case a complaint is made by a nonresident of the United States, the complainant shall be required, before any formal action is taken on his complaint, to furnish a bond in double the amount of the claim conditioned upon the payment of costs, including a reasonable attorney's fee for the respondent if the respondent shall prevail. . . ."

7 U.S.C. § 18(d)

"If the petitioner finally prevails, he shall be allowed a reasonable attorney's fee, to be taxed and collected as a part of the costs of the suit."

7 U.S.C. § 18(e)

"If the appellee prevails, he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of his costs."

Packers and Stockyards Act

7 U.S.C. § 210(f)

"If the petitioner finally prevails, he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of the costs of the suit."

Perishable Agricultural Commodities Act

7 U.S.C. § 499f(e)

"In case a complaint is made by a nonresident of the United States . . . the complainant shall be required . . . to furnish a bond in double the amount of the claim conditioned upon the payment of costs, including a reasonable attorney's fee for respondent if the respondent shall prevail. . . ."

7 U.S.C. § 499g(b)

"If the petitioner finally prevails, he shall be allowed a reasonable attorney's fee, to be taxed and collected as a part of the costs of the suit."

7 U.S.C. § 499g(c)

". . . if appellee prevails he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of his costs."

Federal Crop Insurance Act of 1980

7 U.S.C. § 1507(c)

"The Board shall provide such agents and brokers with indemnification, including costs and reasonable attorney fees, from the Corporation for errors or omissions on the part of the Corporation or its contractors for which the agent

or broker is sued or held liable, except to the extent the agent or broker has caused the error or omission."

Animal Welfare Act

7 U.S.C. § 2157(d)

"It shall be unlawful for any member of an Institutional Animal Committee to release any confidential information of the research facility. . . . Any person, including any research facility, injured in its business or property by reason of a violation of this section may recover all actual and consequential damages sustained by such person and the cost of the suit including a reasonable attorney's fee."

Agricultural Unfair Trade Practices

7 U.S.C. § 2305(a)

"In any action commenced pursuant hereto, the court, in its discretion, may allow the prevailing party a reasonable attorney's fee as part of the costs."

7 U.S.C. § 2305(c)

"In any action commenced pursuant to this subsection, the court may allow the prevailing party a reasonable attorney's fee as a part of the costs."

Plant Variety Act

7 U.S.C. § 2565

"The court in exceptional cases may award reasonable attorney fees to the prevailing party."

Immigration and Nationality Act

8 U.S.C. § 1324b(h)

"In any complaint respecting an unfair immigration-related employment practice, an administrative law judge, in the judge's discretion, may allow a prevailing party, other than the United States, a reasonable attorney's fee, if the losing party's argument is without reasonable foundation in law and fact."

8 U.S.C. § 1324b(i)(4)

"In any judicial proceeding under subsection (i) of this section or this subsection, the court, in its discretion, may allow a prevailing party, other than the United States, a reasonable attorney's fee as part of the costs but only if the losing party's argument is without reasonable foundation in law and fact."

National Defense Authorization Act for Fiscal Year 1991

10 U.S.C. § 2409a(c)(5)(C)

"[T]he Secretary may issue . . . [a]n assessment against any such contractor (at the request of the complainant) of a sum equal to the aggregate amount of all costs and expenses (including attorneys' fees and expert witnesses' fees) reasonably incurred by the complainant. . . ."

Bankruptcy Act

11 U.S.C. § 303(i)

"[T]he court may grant judgment -- (1) against the petitioners and in favor of the debtor for -- (B) a reasonable attorney's fee. . . ."

11 U.S.C. § 330(a)

"[T]he court may award . . . to the debtor's attorney -- (1) reasonable compensation for actual, necessary services rendered. . . ."

11 U.S.C. § 362(h)

"An individual injured by any willful violation of a stay provided by this section shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, punitive damages."

11 U.S.C. § 363(n)

"The trustee may . . . recover any costs, attorneys' fees or expenses incurred in avoiding such sale or recovering such amount."

11 U.S.C. § 503(b)

"After notice and a hearing, there shall be allowed administrative expenses . . . including -- (4) reasonable compensation for professional services rendered by an attorney. . . ."

11 U.S.C. § 506(b)

"To the extent that an allowed secured claim is secured by property the value of which, after any recovery under subsection (c) of this section, is greater than the amount of such claim, there shall be allowed to the holder of such claim, interest upon such claim, and any reasonable fees, costs, or charges provided for under the agreement under which such claim arose." Some courts have interpreted this provision to allow attorneys' fees. See 10 Attorney Fee Awards Reporter 24 (Apr. 1987).

11 U.S.C. § 523(d)

"[T]he court shall grant judgment in favor of the debtor for the costs of, and a reasonable attorney's fee for, the proceeding if the court finds that the position of the creditor was not substantially justified, except that the court shall not award such costs and fees if special circumstances would make the award unjust."

Federal Home Loan Bank Act

12 U.S.C. § 1441a(c)(11)(B)

"The parties specified in the preceding sentence shall be entitled to reasonable attorney fees upon prevailing in any such judicial action."

Home Owners' Loan Act

12 U.S.C. § 1464(d)(1)(B)(vii)

"Any court having jurisdiction of any proceeding instituted under this section by a savings association, or a director or officer thereof, may allow to any such party reasonable expenses and attorneys' fees. Such expenses and fees shall be paid by the savings association."

12 U.S.C. § 1464(q)(3)

"Any person injured by a violation of paragraph (1) may bring an action . . . and shall be entitled to recover three times the amount of the damages sustained, and the cost of the suit, including a reasonable attorney's fee."

Housing Act of 1959

12 U.S.C. § 1701q-1(f)

"The monetary judgment may, in the court's discretion, include the attorneys fees and other expenses incurred by the United States in connection with the action."

National Housing Act

12 U.S.C. § 1715k(h)(6)

"In cases of defaults on loans insured under this subsection . . . the Secretary . . . may acquire the loan and any security therefor upon . . . reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Secretary."

12 U.S.C. § 1723i(e) (action to collect civil money penalty)

"The monetary judgment may, in the discretion of the court, include any attorneys fees and other expenses incurred by the United States in connection with the action."

12 U.S.C. § 1735f-14(e) (action to collect civil money penalty)

"The monetary judgment may, in the court's discretion, include the attorneys fees and other expenses incurred by the United States in connection with the action."

12 U.S.C. § 1735f-15(f) (action to collect civil money penalty)

"The monetary judgment may, in the court's discretion, include the attorneys fees and other expenses incurred by the United States in connection with the action."

Federal Credit Union Act

12 U.S.C. § 1786(p)

"Any court having jurisdiction of any proceeding instituted under this section by any credit union or a director, officer, or committee member thereof, may allow to any party such reasonable expenses and attorneys' fees as it deems just and proper, and such expenses and fees shall be paid by the credit union or from its assets."

Federal Deposit Insurance Act

12 U.S.C. § 1818(n)

"Any court having jurisdiction of any proceeding instituted under this section by an insured bank or director or officer thereof, may allow to any such party such reasonable expenses and attorneys' fees as it deems just and proper; and such expenses and fees shall be paid by the bank or from its assets."

Bank Holding Company Act

12 U.S.C. § 1844(f)

"Any court having jurisdiction of any proceeding instituted under this subsection may allow to any such party such reasonable expenses and attorneys' fees as it deems just and proper."

Bank Tying Act
12 U.S.C. § 1975

"Any person who is injured in his business or property by reason of anything forbidden in section 1972 of this title . . . shall be entitled to recover . . . a reasonable attorney's fee."

Farm Credit Amendments Act of 1985
12 U.S.C. § 2273

"Any court having jurisdiction of any proceeding instituted under this part by a System institution or a director or officer thereof, may allow to any such party such reasonable expenses and attorneys' fees as it deems just and proper; and such expenses and fees shall be paid by the System institution or from its assets."

Real Estate Settlement Procedures Act
12 U.S.C. § 2605(f)

"Whoever fails to comply with any provision of this section shall be liable to the borrower for each such failure in the following amounts: . . . (3) Costs.-- In addition to the amounts under paragraph (1) or (2), in the case of any successful action under this section, the costs of the action, together with any attorneys fees incurred in connection with such action as the court may determine to be reasonable under the circumstances."

12 U.S.C. § 2607(d)(5)

"In any private action brought pursuant to this subsection, the court may award to the prevailing party the court costs of the action together with reasonable attorneys fees."

Right to Financial Privacy Act of 1978
12 U.S.C. § 3417(a)

"Any agency or department of the United States or financial institution obtaining or disclosing financial records or information obtained therein in violation of this chapter is liable to the customer to whom such records relate . . . (4) in the case of any successful action to enforce liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court."

12 U.S.C. § 3418

"In the event of any successful action [for injunctive relief], costs together with reasonable attorney's fees as determined by the court may be recovered."

Expedited Funds Availability Act
12 U.S.C. § 4010(a)

"[A]ny depository institution which fails to comply with any requirement imposed under this title . . . is liable . . . (3) in the case of any successful action to enforce the foregoing liability, [for] the costs of the action, together with a reasonable attorney's fee as determined by the court."

Financial Institutions Anti-Fraud Enforcement Act of 1990

12 U.S.C. § 4246 (*see also* 18 U.S.C. § 3059A(e)(2))

"When the United States, through private counsel retained under this subchapter, prevails in any civil action, the court, in its discretion, may allow the United States reasonable attorney's fees and other expenses of litigation as part of the costs."

Clayton Act

15 U.S.C. § 15(a)

"[A]ny person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor . . . and shall recover threefold the damages sustained by him, and the cost of suit, including a reasonable attorney's fee."

15 U.S.C. § 15(b)(1)

"[A]ny person who is a foreign state may not recover under subsection (a) of this section an amount in excess of the actual damages sustained by it, and the cost of suit, including a reasonable attorney's fee."

15 U.S.C. § 15c(a)(2)

"The court shall award the State as monetary relief threefold the total damage sustained as described in paragraph (1) of this subsection, and the cost of suit, including a reasonable attorney's fee."

15 U.S.C. § 15c(d)(2)

"[T]he court may, in its discretion, award a reasonable attorney's fee to a prevailing defendant upon a finding that the State attorney general has acted in bad faith, vexatiously, wantonly, or for oppressive reasons."

15 U.S.C. § 26

"In any action under this section in which the plaintiff substantially prevails the court shall award the cost of suit, including a reasonable attorney's fee, to such plaintiff."

15 U.S.C. § 35(a)

"No damages, interest on damages, costs, or attorney's fees may be recovered under section 15, 15a, or 15c of this title from any local government, or official or employee thereof acting in an official capacity."

15 U.S.C. § 36(a)

"No damages, interest on damages, costs or attorney's fees may be recovered under section 15, 15a, or 15c of this title in any claim against a person based on any official action directed by a local government, or official or employee thereof acting in an official capacity."

Federal Trade Commission Improvement Act

15 U.S.C. § 57a(h)(1)

"The Commission may, pursuant to rules prescribed by it, provide compensation for reasonable attorneys fees, expert witness fees, and other costs of participating in a rulemaking proceeding under this section."

Unfair Competition Act

15 U.S.C. § 72

"Any person injured in his business or property by reason of any violation of, or combination or conspiracy to violate, this section, may sue therefor . . . and shall recover . . . a reasonable attorney's fee."

Securities Act of 1933

15 U.S.C. § 77k(e)

"In any suit under this or any other section of this subchapter the court may, in its discretion, require an undertaking for the payment of the costs of such suit, including reasonable attorney's fees."

Trust Indenture Act

15 U.S.C. § 77ooo(e)

"The indenture to be qualified may contain provisions to the effect that all parties thereto, including the indenture security holders, agree that the court may in its discretion . . . assess reasonable costs, including reasonable attorneys' fees, against any party litigant."

15 U.S.C. § 77www(a)

"[T]he court may, in its discretion . . . assess reasonable costs, including reasonable attorneys' fees, against either party litigant."

Securities Exchange Act of 1934

15 U.S.C. § 78i(e)

"In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit, and assess reasonable costs, including reasonable attorneys' fees, against either party litigant."

15 U.S.C. § 78r(a)

"In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit, and assess reasonable costs, including reasonable attorneys' fees, against either party litigant."

15 U.S.C. § 78u(h)(8)

"In the case of an unsuccessful action under paragraph (7), the court shall award the costs of the action and attorney's fees to the Commission if the presiding judge or magistrate finds that the customer's claims were made in bad faith."

Securities Investor Protection Act

15 U.S.C. § 78eee(b)

"The court shall grant reasonable compensation for services rendered and reimbursement for proper costs and expenses incurred . . . by a trustee, and by the attorney for such trustee, in connection with a liquidation proceeding."

Jewelers' Liability Act

15 U.S.C. § 298(b)

"Any competitor, customer, or competitor of a customer . . . may sue . . . and shall recover . . . a reasonable attorney's fee."

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15 U.S.C. § 298(c)

"Any duly organized and existing jewelry trade association shall be entitled to injunctive relief . . . and if successful shall recover the cost of suit, including a reasonable attorney's fee."

15 U.S.C. § 298(d)

"Any defendant against whom a civil action is brought under the provisions of sections 294 to 300 of this title shall be entitled to recover the cost of defending the suit, including a reasonable attorney's fee, in the event such action is terminated without a finding by the court that such defendant is or has been in violation of sections 294 to 300 of this title."

Lanham (Trademark) Act

15 U.S.C. § 1116(d)(11)

"Any person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which the seizure was made, and shall be entitled . . . unless the court finds extenuating circumstances, to recover a reasonable attorney's fee."

15 U.S.C. § 1117(a)

"The court in exceptional cases may award reasonable attorney fees to the prevailing party."

15 U.S.C. § 1117(b)

"In assessing damages under subsection (a) of this section, the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever is greater, together with a reasonable attorney's fee. . . ."

National Traffic and Motor Vehicle Safety Act of 1966

15 U.S.C. § 1400(b)

"[T]he distributor or dealer . . . may bring suit against such manufacturer or distributor . . . and shall recover the damage by him sustained, as well as all court costs plus reasonable attorneys' fees."

Truth in Lending Act

15 U.S.C. § 1640(a)

"[A]ny creditor who fails to comply with any requirement imposed under this part, including any requirement under section 1635 of this title, or part D or E of this subchapter [the Fair Credit Billing Act or the Consumer Leasing Act] with respect to any person is liable [for] . . . the costs of the action, together with a reasonable attorney's fee as determined by the court."

Fair Credit Billing Act

15 U.S.C. §§ 1666-1666j

See 15 U.S.C. § 1640(a)

Consumer Leasing Act

15 U.S.C. § 1667b(a) (see also 15 U.S.C. § 1640(a))

"In all actions, the lessor shall pay the lessee's reasonable attorney's fees."

Fair Credit Reporting Act

15 U.S.C. § 1681n

"Any consumer reporting agency or user of information which willfully fails to comply with any requirement imposed under this subchapter with respect to any consumer is liable [for] . . . the costs of the action together with reasonable attorney's fees as determined by the court."

15 U.S.C. § 1681o

"Any consumer reporting agency or user of information which is negligent in failing to comply with any requirement imposed under this subchapter with respect to any consumer is liable [for] . . . reasonable attorney's fees as determined by the court."

Equal Credit Opportunity Act

15 U.S.C. § 1691e(d)

"In the case of any successful action under subsection (a), (b), or (c), the costs of the action, together with a reasonable attorney's fee as determined by the court, shall be added to any damages awarded by the court under such subsection."

Fair Debt Collection Practices Act

15 U.S.C. § 1692k(a)

"[A]ny debt collector who fails to comply with any provision of this title with respect to any person is liable [for] . . . a reasonable attorney's fee as determined by the court. On a finding by the court that an action under this section was brought in bad faith and for the purpose of harassment, the court may award to the defendant attorney's fees reasonable in relation to the work expended and costs."

Electronic Fund Transfer Act

15 U.S.C. § 1693m(a)

"[A]ny person who fails to comply with any provision of this title with respect to any consumer . . . is liable [for] . . . a reasonable attorney's fee as determined by the court."

15 U.S.C. § 1693m(f)

"On a finding by the court that an unsuccessful action under this section was brought in bad faith or for purposes of harassment, the court shall award the defendant attorney's fees reasonable in relation to the work expended and costs."

Interstate Land Sales Full Disclosure Act

15 U.S.C. § 1709(c)

"The amount recoverable in a suit authorized by this section may include . . . reasonable amounts for attorneys' fees."

15 U.S.C. § 1717a(d)

"The monetary judgment may, in the discretion of the court, include any attorneys fees and other expenses incurred by the United States in connection with the action."

Motor Vehicle Information and Cost Savings Act

15 U.S.C. § 1918(a)

"Any owner of a passenger motor vehicle who sustains damage as a result of a motor vehicle accident because such vehicle did not comply with any applicable Federal bumper standard under this subchapter may bring a civil action against the manufacturer . . . and reasonable attorneys' fees shall be awarded to that owner."

15 U.S.C. § 1989(a) -- Odometer Requirements

"Any person who, with intent to defraud, violates any requirement imposed under this subchapter shall be liable [for] . . . reasonable attorney fees as determined by the court."

Consumer Product Safety Act

15 U.S.C. § 2060(c)

"A court may in the interest of justice include in such relief an award of the costs of the suit, including reasonable attorneys' fees (determined in accordance with subsection (f) of this section) and reasonable expert witnesses' fees. Attorneys' fees may be awarded against the United States (or any agency or official of the United States) without regard to section 2412 of title 28 or any other provision of law."

15 U.S.C. § 2060(f)

"For purposes of this section and sections 2072(a) and 2073 of this title, a reasonable attorney's fee is a fee (1) which is based upon (A) the actual time expended by an attorney in providing advice and other legal services in connection with representing a person in an action brought under this section, and (B) such reasonable expenses as may be incurred by the attorney in the provision of such services, and (2) which is computed at the rate prevailing for the provision of similar services with respect to actions brought in the court which is awarding such fee."

15 U.S.C. § 2072(a)

"Any person who shall sustain injury by reason of any knowing (including willful) violation of a consumer product safety rule . . . may, if the court determines it to be in the interest of justice, recover the costs of suit, including reasonable attorneys' fees (determined in accordance with section 2060(f) of this title) and reasonable expert witnesses' fees. . . ."

15 U.S.C. § 2073

"In any action under this section the court may in the interest of justice award the costs of suit, including reasonable attorneys' fees (determined in accordance with section 2060(f) of this title) and reasonable expert witnesses' fees. . . ."

Hobby Protection Act

15 U.S.C. § 2102

"In any such action, the court may award the costs of the suit, including reasonable attorneys' fees."

Magnuson-Moss Warranty Act

15 U.S.C. § 2310(d)(2)

"If a consumer finally prevails in any action brought under paragraph (1) of this subsection, he may be allowed by the court to recover as part of the judgment a sum equal to the aggregate amount of cost and expenses (including attorneys' fees based on actual time expended) . . . unless the court in its discretion shall determine that such an award of attorneys' fees would be inappropriate."

Toxic Substances Control Act

15 U.S.C. § 2605(c)(4)(A)

"The Administrator [of the Environmental Protection Agency] may, pursuant to rules prescribed by the Administrator, provide compensation for reasonable attorneys' fees, expert witness fees, and other costs of participating in a rulemaking proceeding for the promulgation of a rule under subsection (a) to any person."

15 U.S.C. § 2618(d)

"The decision of the court in an action commenced under subsection (a), or of the Supreme Court of the United States on review of such a decision, may include an award of costs of suit and reasonable fees for attorneys and expert witnesses if the court determines that such an award is appropriate."

15 U.S.C. § 2619(c)(2)

"The court in issuing any final order in any action brought pursuant to subparagraph (a) may award costs of suit and reasonable fees for attorneys and expert witnesses if the court determines that such an award is appropriate. Any court, in issuing its decision in an action brought to review such an order, may award costs of suit and reasonable fees for attorneys if the court determines that such an award is appropriate."

15 U.S.C. § 2620(b)(4)(C)

"The court in issuing any final order in any action brought pursuant to subparagraph (A) may award costs of suit and reasonable fees for attorneys and expert witnesses if the court determines that such an award is appropriate. Any court, in issuing its decision in an action brought to review such an order, may award costs of suit and reasonable fees for attorneys if the court determines that such an award is appropriate."

15 U.S.C. § 2622(b)(2)(B)

"If such an order issued, the Secretary, at the request of the complainant, shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expenses (including attorney's fees) reasonably incurred, as determined by the Secretary. . . ."

Petroleum Marketing Practices Act

15 U.S.C. § 2805(d)(1)

"If the franchisee prevails in any action under subsection (a), such franchisee shall be entitled . . . to reasonable attorney and expert witness fees to be paid by the franchisor, unless the court determines that only nominal damages are

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to be awarded to such franchisee, in which case the court, in its discretion, need not direct that such fees be paid by the franchisor."

15 U.S.C. § 2805(d)(3)

"If any action under subsection (a), the court may, in its discretion, direct that reasonable attorney and expert witness fees be paid by the franchisee if the court finds that such action is frivolous."

Condominium and Cooperative Abuse Relief Act of 1980

15 U.S.C. § 3608(d)

"Such relief may include, but shall not be limited to rescission, reformation, restitution, the award of damages and reasonable attorney fees and court costs. A defendant may recover reasonable attorneys' fees if the court determines that the cause of action filed by the plaintiff is frivolous, malicious, or lacking in substantial merit."

15 U.S.C. § 3611(d)

"The amount recoverable under this section may include interest paid, reasonable attorneys' fees, independent engineer and appraisers' fees, and court costs. A defendant may recover reasonable attorneys' fees if the court determines that the cause of action filed by the plaintiff is frivolous, malicious, or lacking in substantial merit."

Export Trading Company Act of 1982

15 U.S.C. § 4016(b)(1)

"Any person who has been injured as a result of conduct engaged in under a certificate of review may bring a civil action for injunctive relief, actual damages, the loss of interest on actual damages, and the cost of suit (including a reasonable attorney's fee) for failure to comply with the standards of section 4013(a) of this title. . . ."

15 U.S.C. § 4016(b)(4)

"In any action brought under paragraph (1), if the court finds that the conduct does comply with the standards of section 4013(a) of this title, the court shall award to the person against whom the claim is brought the cost of suit attributable to defending the claim (including a reasonable attorney's fee)."

National Cooperative Research Act of 1984

15 U.S.C. § 4303(a)

"Notwithstanding section 15 of this title and in lieu of the relief specified in such section, any person who is entitled to recovery on a claim under this section shall recover . . . a reasonable attorney's fee pursuant to section 4304 of this title. . . ."

15 U.S.C. § 4303(b)

"Notwithstanding section 15c of this title, and in lieu of the relief specified in such section, any State that is entitled to monetary relief on a claim under such section shall recover . . . a reasonable attorney's fee pursuant to section 15c of this title. . . ."

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15 U.S.C. § 4303(c)

"Notwithstanding any provision of any State law providing damages for conduct similar to that forbidden by the antitrust laws, any person who is entitled to recover on a claim under such provision shall not recover in excess of . . . a reasonable attorney's fee pursuant to section 4304 of this title. . . ."

15 U.S.C. § 4304(a)

"Notwithstanding sections 15 and 26 of this title, in any claim under the antitrust laws, or any State law similar to the antitrust laws, based on the conducting of a joint research and development program, the court shall, at the conclusion of the action -- (1) award to a substantially prevailing claimant the cost of suit attributable to such claim, including a reasonable attorney's fee, or (2) award to a substantially prevailing party defending against any such claim the cost of suit attributable to such claim, including a reasonable attorney's fee, if the claim, or the claimant's conduct during the litigation of the claim, was frivolous, unreasonable, without foundation, or in bad faith."

15 U.S.C. § 4304(b)

"The award made under subsection (a) may be offset in whole or in part by an award in favor of any other party for any part of the cost of suit, including a reasonable attorney's fee, attributable to conduct during the litigation by any prevailing party that the court finds to be frivolous, unreasonable, without foundation, or in bad faith."

Petroleum Overcharge Distribution and Restitution Act of 1986

15 U.S.C. § 4505(b)

"The Secretary shall . . . monitor the disposition by the States of any funds disbursed to the States by the court pursuant to the opinion and order of such District Court, dated July 7, 1986, with respect to In Re: the Department of Energy Stripper Well Exemption Litigation, M.D.L. No. 378, including the use of such funds for administrative costs and attorneys fees."

National Historic Preservation Act

16 U.S.C. § 470w-4

"In any civil action brought in any United States district court by any interested person to enforce the provisions of sections 470 to 470a, 470b, and 470c to 470w-6 of this title, if such person substantially prevails in such action, the court may award attorneys' fees, expert witness fees, and other costs of participating in such action, as the court deems reasonable."

Federal Power Act

16 U.S.C. § 825q-1(b)(2)

"The [Federal Energy Regulatory] Commission may, under rules promulgated by it, provide compensation for reasonable attorney's fees, expert witness fees, and other costs of intervening or participating in any proceeding before the Commission."

Fur Seal Act of 1966

16 U.S.C. § 1166(c)(13)

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"[The Pribilof Islands Trust instrument] shall address . . . payment of necessary administrative and legal expenses."

Endangered Species Act

16 U.S.C. § 1540(g)(4)

"The court, in issuing any final order in any suit brought pursuant to paragraph (1) of this subsection, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate."

Public Utility Regulatory Policies Act of 1978

16 U.S.C. § 2632(a)

"[S]uch utility shall be liable to compensate such consumer (pursuant to paragraph (2)) for reasonable attorneys' fees, expert witness fees, and other reasonable costs incurred."

Alaska National Interest Lands Conservation Act

16 U.S.C. § 3117(a) (see also 43 U.S.C. § 1631(c)(3))

"Local residents and other persons and organizations who are prevailing parties in an action filed pursuant to this section shall be awarded their costs and attorney's fees."

Federal Cave Resources Protection Act of 1988

16 U.S.C. § 4307(c)

"If any person fails to pay an assessment of a civil penalty . . . the Attorney General shall bring a civil action in an appropriate United States district court to recover the amount of the penalty assessed (plus costs, attorney's fees, and interest . . .)."

Copyright Act

17 U.S.C. § 505

"In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs."

17 U.S.C. § 511(b)

"Such remedies include . . . costs and attorney's fees under section 505. . . ."

17 U.S.C. § 911(f)

"In any civil action arising under this chapter, the court in its discretion may allow the recovery of full costs, including reasonable attorneys' fees, to the prevailing party."

17 U.S.C. § 911(g)(2)

"Such remedies include . . . costs and attorney's fees under subsection (f)."

Firearm Owners' Protection Act

18 U.S.C. § 924(d)(2)(A)

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"In any action or proceeding for the return of firearms or ammunition seized under the provisions of this chapter, the court shall allow the prevailing party, other than the United States, a reasonable attorney's fee, and the United States shall be liable therefor."

18 U.S.C. § 924(d)(2)(B)

"In any other action or proceeding under the provisions of this chapter, the court, when it finds that such action was without foundation, or was initiated vexatiously, frivolously, or in bad faith, shall allow the prevailing party, other than the United States, a reasonable attorney's fee, and the United States shall be liable therefor."

18 U.S.C. § 924(d)(2)(D)

"The United States shall be liable for attorneys' fees under this paragraph only to the extent provided in advance by appropriation Acts." Public Laws 101-136 and 101-509 each appropriated \$1 million, for fiscal years 1990 and 1991, respectively, to the Bureau of Alcohol, Tobacco and Firearms for attorney's fees under this provision.

Major Fraud Act of 1988

18 U.S.C. § 1031(g)

"Any individual who . . . is . . . discriminated against in the terms or conditions of employment by an employer because of lawful acts done by the employee on behalf of the employee or others in furtherance of a prosecution under this section . . . may, in a civil action, obtain all relief necessary to make such individual whole. Such relief shall include . . . compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorney's fees."

Organized Crime Control Act of 1970

18 U.S.C. § 1964(c)

"Any person injured in his business or property by reason of a violation of section 1962 of this chapter may . . . sue and shall recover . . . a reasonable attorney's fee. . . ."

Child Abuse Victims' Rights Act of 1986

18 U.S.C. § 2255(a)

"Any minor who is a victim of a violation of section 2251 or 2252 of this title and who suffers personal injury as a result of such violation may sue in any appropriate United States District Court and shall recover the actual damages such minor sustains and the cost of the suit, including a reasonable attorney's fee."

Antiterrorism Act of 1990

18 U.S.C. § 2333(e)

"Any national of the United States, injured in his person, property, or business by reason of an act of international terrorism, or his estate, survivors, or heirs, may sue therefor in any appropriate district court of the United States and shall

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recover threefold the damages he sustains and the cost of the suit, including attorney's fees."

Wire Interception Act

18 U.S.C. § 2520(b)(3)

"In any action under this section, appropriate relief includes . . . a reasonable attorney's fee and other litigation costs reasonably incurred."

Electronic Communications Privacy Act of 1986

18 U.S.C. § 2707(b)(3)

"In a civil action under this section, appropriate relief includes . . . a reasonable attorney's fee and other litigation costs reasonably incurred."

Video Privacy Protection Act of 1988

18 U.S.C. § 2710(c)(2)(C)

"The court may award . . . reasonable attorneys' fees and other litigation costs reasonably incurred."

Criminal Justice Act

18 U.S.C. § 3006A(d)

"(1) Hourly Rate. Any attorney appointed pursuant to this section or a bar association or legal aid agency or community defender organization which has provided the appointed attorney shall, at the conclusion of the representation or any segment thereof, be compensated at a rate not exceeding. . . ."

Financial Institutions Anti-Fraud Enforcement Act of 1990

18 U.S.C. § 3059A(e)(2) (see also 12 U.S.C. § 4246)

"(1) A person who . . . is . . . discriminated against in the terms or conditions of employment by an employer because of lawful acts done by the person on behalf of the person or others in furtherance of a prosecution under any of the sections referred to in subsection (a) . . . may, in a civil action, obtain all relief necessary to make the person whole. (2) Relief under paragraph (1) shall include . . . compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorney's fees."

Authentication of Foreign Documents

18 U.S.C. § 3495

"Every foreign counsel selected pursuant to a commission issued on application of the United States . . . shall be paid by the United States, such compensation. . . ."

Witness Security Reform Act of 1984

18 U.S.C. 3524(d)(6)

"The United States shall be required by the court to pay litigation costs, including reasonable attorneys' fees, incurred by a parent who prevails in enforcing a custody or visitation order; but shall retain the right to recover such costs from the protected person."

Juvenile Delinquency

18 U.S.C. § 5034

"In cases where the juvenile and his parents, guardian, or custodian are financially able to obtain adequate representation but have not retained counsel, the magistrate may assign counsel and order the payment of reasonable attorney's fees or may direct the juvenile, his parents, guardian, or custodian to retain private counsel within a specified period of time."

Higher Education Act of 1965

20 U.S.C. § 1078(c)(6)(B)(i)

"administrative costs of collection of loans' means . . . attorney's fees. . . ."

Individuals with Disabilities Education Act (formerly Education of the Handicapped Act)

20 U.S.C. § 1415(e)(4)(B)

"In any action or proceeding brought under this subsection, the court, in its discretion, may award reasonable attorneys' fees as part of the costs to the prevailing parents or guardian of a handicapped child or youth who is the prevailing party."

Discrimination Based on Sex or Blindness (Title IX of Public Law 92-318)

20 U.S.C. §§ 1681 *et seq.*

See 42 U.S.C. § 1988

Foreign Relations Authorization Act, Fiscal Year 1978

22 U.S.C. § 2692(a)

"The Secretary of State may compensate, pursuant to regulations which he shall prescribe, for the cost of participating in any proceeding or on any advisory committee or delegation of the Department of State, any organization or person. . . ."

Foreign Service Act of 1980

22 U.S.C. § 4137(b)

"If the Board finds that the grievance is meritorious, the Board shall have the authority to direct the Department -- (5) to pay reasonable attorney fees to the grievant to the same extent and in the same manner as such fees may be required by the Merit Systems Protection Board under section 7701(g) of Title 5."

Comprehensive Anti-Apartheid Act of 1986

22 U.S.C. § 5083(b)

"Damages which may be recoverable include lost profits and the cost of bringing the action, including a reasonable attorney's fee."

Indian Arts and Crafts Act of 1990

25 U.S.C. § 305e(b)

"In addition to the relief specified in subsection (a), the court may award punitive damages and the costs of suit and a reasonable attorney's fee."

Navajo and Hopi Indian Relocation Amendments Act of 1980

25 U.S.C. § 640d-27(a)

"In any litigation or court action between or among the Hopi Tribe, the Navajo Tribe and the United States or any of its officials, departments, agencies, or instrumentalities, arising out of the interpretation or implementation of this subchapter, as amended, the Secretary shall pay, subject to the availability of appropriations, attorney's fees, costs and expenses as determined by the Secretary to be reasonable."

25 U.S.C. § 640d-27(b)

"Upon the entry of a final judgment in any such litigation or court action, the court shall award reasonable attorney's fees, costs and expenses to the party, other than the United States or its officials, departments, agencies, or instrumentalities, which prevails or substantially prevails, where it finds that any opposing party has unreasonably initiated or contested such litigation. Any party to whom such an award has been made shall reimburse the United States out of such award to the extent that it has received payments pursuant to subsection (a) of this section."

Internal Revenue Code

26 U.S.C. § 6110(f)(4)(A)

"Any person who has exhausted the administrative remedies prescribed pursuant to paragraph (2) with respect to a request for disclosure may file a petition in the United States Tax Court or a complaint in the United States District Court. . . . [T]he provisions of subparagraphs (C), (D), (E), (F), and (G) of section 552(a)(4) of title 5, United States Code, shall apply to any proceeding under this paragraph." (Subparagraph (E) is the attorneys' fees provision of the Freedom of Information Act.)

26 U.S.C. § 6110(i)(2)

"In any suit brought under the provisions of paragraph (1)(A) . . . or in any suit brought under subparagraph (1)(B) . . . the United States shall be liable [for] the costs of the action together with reasonable attorney's fees as determined by the Court."

26 U.S.C. § 6673(a)

"Whenever it appears to the Tax Court that proceedings before it have been instituted or maintained by the taxpayer primarily for delay, that the taxpayer's position in such proceedings is frivolous or groundless, or that the taxpayer unreasonably failed to pursue available administrative remedies, damages in an amount not in excess of \$5,000 shall be awarded to the United States by the Tax Court in its decision. . . ."

26 U.S.C. § 6673(b)

"Whenever it appears to the court that the taxpayer's position in proceedings before the court instituted or maintained by such taxpayer under section 7433 is frivolous or groundless, damages in an amount not in excess of \$10,000 shall be awarded to the United States by the court in the court's decision. . . ."

26 U.S.C. § 7430(a)

"In any administrative or court proceeding which is brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty under this title, the prevailing party [other than the United States or any creditor of the taxpayer involved] may [if he establishes that the position of the United States in the proceeding was not substantially justified] be awarded a judgment or a settlement for -- (1) reasonable administrative costs incurred in connection with such administrative proceeding within the Internal Revenue Service, and (2) for reasonable litigation costs incurred in connection with such court proceeding."

26 U.S.C. § 9501(d) (see also 30 U.S.C. § 932(a))

"Amounts in the Black Lung Disability Trust Fund shall be available, as provided by appropriations Acts, for . . . (7) the reimbursement of operators and insurers for amounts paid by such operators and insurers (other than amounts paid as penalties, interest, or attorney fees) at any time in satisfaction (in whole or in part of any claim denied . . . before March 1, 1978. . . ."

Judicial Discipline and Removal Reform Act of 1990

28 U.S.C. § 372(c)(16)

"Upon the request of a judge or magistrate whose conduct is the subject of a complaint under this subsection, the judicial council may, if the complaint has been finally dismissed under paragraph 6(C), recommend that the Director of the Administrative Office of the United States Courts award reimbursement, from funds appropriated to the Federal judiciary, for those reasonable expenses, including attorneys' fees, incurred by that judge or magistrate during the investigation which would not have been incurred but for the requirements of this subsection."

Independent Counsel Reauthorization Act of 1987

28 U.S.C. § 593(f) (see also 5 U.S.C. § 288i(d))

"Upon the request of an individual who is the subject of an investigation conducted by an independent counsel pursuant to this chapter, the division of the court may, if no indictment is brought against such individual pursuant to that investigation, award reimbursement for those reasonable attorney's fees incurred by that individual. . . ."

Judicial Improvements and Access to Justice Act

28 U.S.C. § 655(e) (repealed effective Nov. 19, 1993)

"In any trial de novo demanded under subsection (a) in which arbitration was done by consent of the parties, a district court may assess costs, as provided in section 1920 of this title, and reasonable attorney fees against the party demanding the trial de novo if -- (1) such party fails to obtain a judgment, exclusive of interest and costs, in the court which is substantially more favorable to such party than the arbitration award, and (2) the court determines that the party's conduct in seeking a trial de novo was in bad faith."

Sentencing Reform Act of 1984

28 U.S.C. § 995(a)

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"The [Federal Sentencing] Commission, by a vote of the majority of members present and voting, shall have the power to . . . (23) retain private attorneys to provide legal advice to the Commission . . . and the Commission may in its discretion pay reasonable attorney's fees to private attorneys employed by it out of its appropriated funds."

Tucker Act

28 U.S.C. §§ 1346(a), 1491

See 42 U.S.C. § 4654

Parental Kidnapping Prevention Act of 1980

28 U.S.C. § 1738A note

"In furtherance of the purposes of section 1738A of title 28 . . . State courts are encouraged to . . . award to the person entitled to custody or visitation . . . attorneys' fees. . . ."

Jury System Improvements Act of 1978

28 U.S.C. § 1875(d)(2)

"In any action or proceeding under this section, the court may award a prevailing employee who brings such action by retained counsel a reasonable attorney's fee as part of the costs. The court may tax a defendant employer, as costs payable to the court, the attorney fees and expenses incurred on behalf of a prevailing employee, where such costs were expended pursuant to paragraph (1) of this subsection. The court may award a prevailing employer a reasonable attorney's fee as part of the costs only if the court determines that the action is frivolous, vexatious, or brought in bad faith."

Fees and Costs

28 U.S.C. § 1912

"Where a judgment is affirmed by the Supreme Court or a court of appeals, the court in its discretion may adjudge to the prevailing party just damages for his delay, and single or double costs." This provision has been interpreted to permit awards of attorneys' fees. See 50 ALR Fed 652, 67 ALR Fed 319.

28 U.S.C. § 1927

"Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct."

Equal Access to Justice Act

28 U.S.C. § 2412 (see also 5 U.S.C. § 504)

"(a) Except as otherwise specifically provided by statute, a judgment for costs, as enumerated in section 1920 of this title but not including the fees and expenses of attorneys may be awarded to the prevailing party in any action brought by or against the United States. . . ."

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"(b) Unless expressly prohibited by statute, a court may award reasonable fees and expenses of attorneys, in addition to the costs which may be awarded pursuant to subsection (a), to the prevailing party in any civil action brought by or against the United States. . . . The United States shall be liable for such fees and expenses to the same extent that any other party would be liable under the common law or under the terms of any statute which specifically provides for such an award. . . ."

"(d)(1)(A) Except as otherwise specifically provided by statute, a court shall award to a prevailing party other than the United States fees and other expenses, in addition to any costs awarded pursuant to subsection (a), incurred by that party in any civil action (other than cases sounding in tort), including proceedings for judicial review of agency action, brought by or against the United States . . . unless the court finds that the position of the United States was substantially justified or that special circumstances make an award unjust. . . ."

"(d)(3) In awarding fees and other expenses under this subsection to a prevailing party in any action for judicial review of an adversary adjudication, as defined in subsection (b)(1)(C) of section 504 of title 5, United States Code, or an adversary adjudication subject to the Contract Disputes Act of 1978, the court shall include in that award fees and other expenses to the same extent authorized under subsection (a) of such section, unless the court finds that during such adversary adjudication the position of the United States was substantially justified, or that special circumstances make an award unjust. . . ."

"(e) The provisions of this section shall not apply to any costs, fees, and other expenses in connection with any proceedings to which section 7430 of the Internal Revenue Code of 1954 applies. . . ."

Federal Debt Collection Procedures Act of 1990

28 U.S.C. § 3205(c)(6)

"The court may award a reasonable attorney's fee to the United States and against the garnishee if the writ is not answered within the time specified therein. . . ."

Federal Rules of Civil Procedure

Signing of Pleadings, Motions, and Other Papers; Sanctions

28 U.S.C. App. Rule 11

"If a pleading, motion, or other paper is signed in violation of this rule, the court, upon motion or upon its own initiative, shall impose upon the person who signed it, a represented party, or both, an appropriate sanction, which may include an order to pay to the other party or parties the amount of the reasonable expenses incurred because of the filing of the pleading, motion, or other paper, including a reasonable attorney's fee."

Pretrial Conferences; Scheduling, Management

28 U.S.C. App. Rule 16(f)

"[T]he judge shall require the party or the attorney representing him or both to pay the reasonable expenses incurred because of any noncompliance with this rule, including attorney's fees, unless the judge finds that the noncompliance was substantially justified or that other circumstances make an award of expenses unjust."

Signing of Discovery Requests, Responses, and Objections

28 U.S.C. App. Rule 26(g)

"If certification is made in violation of the rule, the court, upon motion or upon its own initiative, shall impose upon the person who made the certification, the party on whose behalf the request, response, or objection is made, or both, an appropriate sanction, which may include an order to pay the amount of the reasonable expenses incurred because of the violation, including a reasonable attorney's fee."

Failure to Attend or to Serve Subpoena

28 U.S.C. App. Rule 30(g)(1)

"If the party giving notice of a deposition fails to attend and proceed there with and another party attends in person or by attorney pursuant to the notice, the court may order the party giving notice to pay to such other party the reasonable expenses incurred by him and his attorney in attending, including reasonable attorney's fees."

28 U.S.C. App. Rule 30(g)(2)

"If the party giving the notice of the taking of the deposition of a witness fails to serve a subpoena on him and the witness because of such failure does not attend, and if another party attends in person or by attorney because he expects the deposition of that witness to be taken, the court may order the party giving the notice to pay to such other party the reasonable expenses incurred by him and his attorney in attending, including reasonable attorney's fees."

28 U.S.C. App. Rule 37

(a)(4) Motion for compelling discovery:

"If the motion is granted, the court shall, after opportunity for hearing, require the party or deponent whose conduct necessitated the motion or the party or attorney advising such conduct or both of them to pay to the moving party the reasonable expenses incurred in obtaining the order, including attorney's fees, unless the court finds that the opposition to the motion was substantially justified or that other circumstances make an award of expenses unjust."

"If the motion is denied, the court shall, after opportunity for hearing, require the moving party or the attorney advising the motion or both of them to pay to the party or deponent who opposed the motion the reasonable expenses incurred in opposing the motion, including attorney's fees, unless the court finds that the making of the motion was substantially justified or that other circumstances make an award of expenses unjust. . . ."

(b) Failure to comply with order:

"In lieu of any of the foregoing orders or in addition thereto, the court shall require the party failing to obey the order or the attorney advising him or both to pay the reasonable expenses, including attorney's fees, caused by the failure, unless the court finds that the failure was substantially justified or that other circumstances make an award of expenses unjust."

(c) Expenses on failure to admit:

"If a party fails to admit the genuineness of any document or the truth of any matter as requested under Rule 36, and if the party requesting the admissions thereafter proves the genuineness of the document or the truth of the matter, he may apply to the court for an order requiring the other party to pay him the reasonable expenses incurred in making the proof, including reasonable attorney's fees. . . ."

(d) Failure of a party to attend at own deposition or serve answers to interrogatories or respond to request for inspection:

"In lieu of any order or in addition thereto, the court shall require the party failing to act or the attorney advising him or both to pay the reasonable expenses, including attorney's fees, caused by the failure, unless the court finds that the failure was substantially justified or that other circumstances make an award of expenses unjust."

(g) Failure to participate in the framing of a discovery plan:

"If a party or his attorney fails to participate in good faith in the framing of a discovery plan by agreement as is required by Rule 26(f), the court may, after opportunity for a hearing, require such party or his attorney to pay to any other party the reasonable expenses, including attorney's fees, caused by the failure."

28 U.S.C. App. Rule 56(g)

Affidavits Made in Bad Faith:

"[T]he court shall forthwith order the party . . . to pay to the other party the amount of the reasonable expenses which the filing of the affidavits caused him to incur, including reasonable attorney's fees. . . ."

28 U.S.C. App. Rule 68

Offer of Judgment:

"If, more than ten days before trial begins, a party defending a claim makes a settlement offer which is rejected by the offeree, and, "[i]f the judgment finally obtained by the offeree is not more favorable than the offer, the offeree must pay the costs incurred after the making of the offer." The Supreme Court has held that "costs" includes attorneys' fees in actions brought under statutes that allow attorneys' fees as part of the costs. (See ch. XII of this report.)

Federal Rules of Appellate Procedure

28 U.S.C. App. Rule 38

"If a court of appeals shall determine that an appeal is frivolous, it may award just damages and single or double costs to the appellee." This provision has

been interpreted to permit awards of attorneys' fees. See 50 ALR Fed 652, 67 ALR Fed 319.

Norris-LaGuardia Act

29 U.S.C. § 107(e)

"No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee). . . ."

Fair Labor Standards Act

29 U.S.C. § 216(b)

"The court in such action shall, in addition to any judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid by the defendant, and costs of the action."

Labor-Management Reporting and Disclosure Act of 1959

29 U.S.C. § 431(c)

"The court in such action may, in its discretion, in addition to any judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid by the defendant, and costs of the action."

29 U.S.C. § 501(c)

"The trial judge may allow a reasonable part of the recovery in any action under this subsection to pay the fees of counsel prosecuting the suit. . . ."

Age Discrimination in Employment Act of 1967

29 U.S.C. § 626(b)

This section incorporates the attorneys' fees provision of the Fair Labor Standards Act, 29 U.S.C. § 216(b).

Rehabilitation Act of 1973

29 U.S.C. § 794a(b)

"In any action or proceeding to enforce or charge a violation of a provision of this title, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs."

Employee Retirement Income Security Act

29 U.S.C. § 1132(g)

"In any action under this subchapter by a participant, beneficiary, or fiduciary, the court in its discretion may allow a reasonable attorney's fee and costs of the action to either party."

29 U.S.C. § 1305(b)(1)

"Each fund established under this section shall be credited with the appropriate portion of . . . (F) attorney's fees awarded to the corporation. . . ."

29 U.S.C. § 1370(e)

"(1) **General Rule.** -- In any action brought under this section, the court in its discretion may award all or a portion of the costs and expenses incurred in connection with such action, including reasonable attorney's fees, to any party who prevails or substantially prevails in such action."

"(2) **Exemption for Plans.** -- Notwithstanding the preceding provisions of this subsection, no plan shall be required in any action to pay any costs and expenses (including attorney's fees)."

29 U.S.C. § 1401(a)(2)

"The arbitrator may also award reasonable attorney's fees."

29 U.S.C. § 1451(e)

"In any action under this section, the court may award all or a portion of the costs and expenses incurred in connection with such action, including reasonable attorney's fees, to the prevailing party."

Employee Polygraph Protection Act of 1988

29 U.S.C. § 2005(c)(3)

"The court, in its discretion, may allow the prevailing party (other than the United States) reasonable costs, including attorney's fees."

Worker Adjustment and Retraining Notification Act

29 U.S.C. § 2104(a)(6)

"In any such suit, the court, in its discretion, may allow the prevailing party a reasonable attorney's fee as part of the costs."

Federal Coal Mine Health and Safety Act of 1969

30 U.S.C. § 815(c)(3)

"Whenever any order is issued sustaining the complainant's charges under this subsection, a sum equal to the aggregate amount of all costs and expenses (including attorney's fees) . . . shall be assessed against the person committing such violation."

30 U.S.C. § 932(a) -- Black Lung Benefits Act (*see also* 26 U.S.C. § 9501(d)(7))
This subsection incorporates 33 U.S.C. § 928(a) and (b).

30 U.S.C. § 938(c)

"Whenever an order is issued under this subsection granting relief to a miner at the request of such miner, a sum equal to the aggregate amount of all costs and expenses (including attorney's fees) . . . shall be assessed against the person committing the violation."

Surface Mining Control and Reclamation Act

30 U.S.C. § 1270(d)

"The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including attorney

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and expert witness fees) to any party, whenever the court determines such award is appropriate."

30 U.S.C. § 1270(f)

"Any person who is injured in his person or property through the violation by any operator of any rule, regulation, order, or permit issued pursuant to this chapter may bring an action for damages (including reasonable attorney and expert witness fees). . . ."

30 U.S.C. § 1275(e)

"Whenever an order is issued under this section, or as a result of any administrative proceeding under this chapter, at the request of any person, a sum equal to the aggregate amount of all costs and expenses (including attorney fees) . . . may be assessed against either party. . . ."

30 U.S.C. § 1293(c)

"Whenever an order is issued under this section to abate any violation, at the request of the applicant a sum equal to the aggregate amount of all costs and expenses (including attorneys' fees) . . . shall be assessed against the persons committing the violation."

Deep Seabed Hard Mineral Resources Act

30 U.S.C. § 1427(c)

"The court, in issuing any final order in any action brought under subsection (a) of this section, may award costs of litigation, including reasonable attorney and expert witness fees, to any party whenever the court determines that such an award is appropriate."

General Accounting Office Act of 1980

31 U.S.C. § 755(b)

"If an officer, employee, or applicant for employment is the prevailing party in a proceeding under this section, and the decision is based on a finding of discrimination prohibited under section 732(f) of this title, attorney's fees may be allowed by the court in accordance with the standards prescribed under section 706(k) of the Civil Rights Act of 1964 [42 U.S.C. § 2000e-5(k)]."

Competition in Contracting Act of 1984

31 U.S.C. § 3554(c)(1)

"If the Comptroller General determines that a solicitation for a contract or a proposed award or the award of a contract does not comply with a statute or regulation, the Comptroller General may declare an appropriate interested party to be entitled to the costs of -- (A) filing and pursuing the protest, including reasonable attorneys' fees. . . ."

False Claims Amendments of 1986

31 U.S.C. § 3730(d)(1)

"Any such person shall also receive an amount for reasonable expenses which the court finds to have been necessarily incurred, plus reasonable attorneys' fees

and costs. All such expenses, fees, and costs shall be awarded against the defendant."

31 U.S.C. § 3730(d)(2)

"Such person shall also receive an amount for reasonable expenses which the court finds to have been necessarily incurred, plus reasonable attorneys' fees and costs. All such expenses, fees, and costs shall be awarded against the defendant."

31 U.S.C. § 3730(d)(3)

"[T]he court may award to the defendant its reasonable attorneys' fees and expenses if the defendant prevails in the action and the court finds that the claim of the person bringing the action was clearly frivolous, clearly vexatious, or brought primarily for purposes of harassment."

31 U.S.C. § 3730(g)

"In civil actions brought under this section by the United States, the provisions of section 2412(d) of title 29 shall apply."

31 U.S.C. § 3730(h)

"Such relief shall include . . . litigation costs and reasonable attorneys' fees."

Longshore and Harbor Workers' Compensation Act

33 U.S.C. § 928(a)

"[T]here shall be awarded, in addition to the award of compensation, in a compensation order, a reasonable attorney's fee against the employer or carrier in an amount approved by the deputy commissioner, the Board, or court, as the case may be. . . ."

33 U.S.C. § 928(b)

"[A] reasonable attorney's fee based solely on the difference between the amount awarded and the amount tendered or paid shall be awarded in addition to the amount of compensation."

33 U.S.C. § 933(e)(1)

"The employer shall retain an amount equal to -- (A) the expenses incurred by him in respect to such proceedings or compromise (including a reasonable attorney's fee) as determined by the deputy commissioner or Board. . . ."

Water Pollution Prevention and Control Act

33 U.S.C. § 1319(g)(9)

"Any person who fails to pay on a timely basis the amount of an assessment if a civil penalty as described in the first sentence of this paragraph shall be required to pay, in addition to such amount and interest, attorneys fees and costs for collection proceedings. . . ."

33 U.S.C. § 1321(b)(6)(H)

"Any person who fails to pay on a timely basis the amount of an assessment of a civil penalty as described in the first sentence of this subparagraph shall be

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required to pay, in addition to such amount and interest, attorneys fees and costs for collection proceedings. . . ."

33 U.S.C. § 1365(d)

"The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any prevailing or substantially prevailing party, whenever the court determines such award is appropriate."

33 U.S.C. § 1367(c)

"[A] sum equal to the aggregate amount of all costs and expenses (including the attorney's fee), as determined by the Secretary of Labor . . . shall be assessed against the person committing such violation."

33 U.S.C. § 1369(b)(4)

"In any judicial proceeding under this subsection, the court may award costs of litigation (including reasonable attorney and expert witness fees) to any prevailing or substantially prevailing party whenever it determines that such award is appropriate."

Marine Protection, Research, and Sanctuaries Act

33 U.S.C. § 1415(g)(4)

"The court, in issuing any final order in any suit brought pursuant to paragraph (1) of this subsection may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate."

Deepwater Ports Act

33 U.S.C. § 1515(d)

"The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate."

Act to Prevent Pollution from Ships

33 U.S.C. § 1910(d)

"The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party including the Federal Government."

Oil Pollution Act of 1990

33 U.S.C. § 2715(b)

"At the request of the Secretary, the Attorney General shall commence an action on behalf of the Fund to recover any compensation paid by the Fund to any claimant pursuant to this chapter, and all costs incurred by the Fund by reason of the claim, including . . . attorney's fees."

Patent Infringement

35 U.S.C. § 271(e)(4)

"The remedies prescribed by subparagraphs (A), (B), and (C) are the only remedies which may be granted by a court for an act of infringement described in paragraph (2), except that a court may award attorney fees under section 285."

35 U.S.C. § 285

"The court in exceptional cases may award reasonable attorney fees to the prevailing party."

Amateur Sports Act of 1978 (use of Olympic symbols)

36 U.S.C. § 380(a)

This provision incorporates the attorneys' fees provision of the Trademark Act, 15 U.S.C. § 1117. *See International Olympic Committee v. San Francisco Arts & Athletics*, 781 F.2d 733 (9th Cir. 1986), *rehearing denied*, 789 F.2d 1319 (9th Cir. 1986), *aff'd* (not on an attorneys' fees issue), 483 U.S. 522 (1987).

Federal Property and Administrative Services Act of 1949

40 U.S.C. § 759(f)(5)(C)

"Whenever the board makes such determination, it may, in accordance with section 1304 of Title 31, further declare an appropriate interested party to be entitled to the costs of -- (i) filing and pursuing the protest, including reasonable attorney's fees, and (ii) bid and proposal preparation."

Contract Disputes Act of 1978

41 U.S.C. §§ 601 et seq.

See 28 U.S.C. § 2412(d)(3)

Safe Drinking Water Act

42 U.S.C. § 300h-2(c)(7)

"If any person fails to pay an assessment of a civil penalty . . . the Administrator may request the Attorney General to bring a civil action in an appropriate district court to recover the amount assessed (plus costs, attorneys' fees, and interest . . .)."

42 U.S.C. § 300j-8(d)

"The court, in issuing any final order in any action brought under subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such an award is appropriate."

42 U.S.C. § 300j-9(i)(2)(B)(ii)

"If such an order is issued, the Secretary, at the request of the complainant, shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expenses (including attorneys' fees) reasonably incurred. . . ."

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National Childhood Vaccine Injury Act of 1986

42 U.S.C. § 300aa-15(b)

"Compensation awarded under the [National Vaccine Injury Compensation] Program . . . may also include an amount, not to exceed a combined total of \$30,000, for -- (1) lost earnings . . . (2) pain and suffering . . . , and (3) reasonable attorneys' fees and costs. . . ."

42 U.S.C. § 300aa-15(e)

"(1) In awarding compensation on a petition filed under section 300aa-11 of this title the special master or court shall also award as part of such compensation an amount to cover -- (A) reasonable attorneys' fees, and (B) other costs, incurred in any proceeding on such petition. If the judgment of a court on such a petition does not award compensation, the court may include in the judgment an amount to cover petitioner's reasonable attorneys' fees and other costs incurred in any proceeding on such petition if the court determines that the civil action was brought in good faith and there was a reasonable basis for the claim for which the civil action was brought."

"(2) If the petitioner, before the effective date of this subpart, filed a civil action for damages for any vaccine-related injury or death for which compensation may be awarded under the Program, and petitioned under section 300aa-11(a)(5) of this title to have such action dismissed and to file a petition for compensation under the Program, in awarding compensation on such petition the special master or court may include an amount of compensation limited to the costs and expenses incurred by the petitioner and the attorney of the petitioner before the effective date of this subpart in preparing, filing, and prosecuting such civil action (including the reasonable value of the attorney's time if the civil action was filed under contingent fee arrangements)."

42 U.S.C. § 300aa-31(c)

"The court, in issuing any final order in any action under this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any plaintiff who substantially prevails on one or more significant issues in the action."

Social Security Act

42 U.S.C. § 673(a)(6)(A)

"For purposes of paragraph (1)(B)(i), the term 'non-recurring adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal adoption of a child with special needs and which are not incurred in violation of State or Federal law."

42 U.S.C. § 1320a-7a(c)(4)(G)

"The official conducting a hearing under this section may sanction a person, including any party or attorney for failing to comply with an order or procedure, failing to defend an action, or other misconduct as would interfere with the speedy, orderly, or fair conduct of the hearing. . . . Such sanction may include

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... ordering the party or attorney to pay attorneys' fees and other costs caused by the failure or misconduct. . . ."

Homeownership and Opportunity Through HOPE Act

42 U.S.C. § 1437aaa-4(h) (see also 42 U.S.C. §§ 12875, 12895)

"The parties specified in the preceding sentence shall be entitled to reasonable attorney fees upon prevailing in any judicial action."

Voting Rights Act of 1965

42 U.S.C. § 19731(e)

"In any action or proceeding to enforce the voting guarantees of the fourteenth or fifteenth amendment, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs."

Voting Accessibility for the Elderly and Handicapped Act

42 U.S.C. § 1973ee-4(c)

"Notwithstanding any other provision of law, no award of attorney fees may be made with respect to an action under this section, except in any action brought to enforce the original judgment of the court."

Civil Rights Acts

42 U.S.C. §§ 1981, 1982, 1983, 1985, 1986

See 42 U.S.C. § 1988

Civil Rights Attorney's Fees Awards Act of 1976

42 U.S.C. § 1988

"In any action or proceeding to enforce a provision of sections 1981, 1982, 1983, 1985, and 1986 of this title, title IX of Public Law 92-318, or title VI of the Civil Rights Act of 1964, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs."

Civil Rights of Institutionalized Persons Act

42 U.S.C. § 1997a(b)

"In any action commenced under this section, the court may allow the prevailing party, other than the United States, a reasonable attorney's fee against the United States as part of the costs."

42 U.S.C. § 1997c(d)

"In any action in which the United States joins as an intervenor under this section, the court may allow the prevailing party, other than the United States, a reasonable attorney's fee against the United States as part of the costs. . . ."

Civil Rights Act of 1964, Title II

42 U.S.C. § 2000a-3(b)

"In any action commenced pursuant to this subchapter, the court, in its discretion, may allow the prevailing party, other than the United States, a

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reasonable attorney's fee as part of the costs, and the United States shall be liable for costs the same as a private party."

Civil Rights Act of 1964, Title III

42 U.S.C. § 2000b-1

"In any action or proceeding under this subchapter the United States shall be liable for costs, including a reasonable attorney's fee, the same as a private party."

Civil Rights Act of 1964, Title VII

42 U.S.C. § 2000e-5(k)

"In any action or proceeding under this subchapter the court, in its discretion, may allow the prevailing party, other than the [Equal Employment Opportunity] Commission or the United States, a reasonable attorney's fee as part of the costs, and the Commission and the United States shall be liable for costs the same as a private person."

Privacy Protection Act of 1980

42 U.S.C. § 2000aa-6(f)

"A person having a cause of action under this section shall be entitled to recover . . . such reasonable attorneys' fees and other litigation costs reasonably incurred as the court, in its discretion, may award. . . ."

Atomic Energy Act of 1954

42 U.S.C. § 2184

"If, in any action against such patent licensee, the court shall determine that the defendant is exercising such license, the measure of damages shall be the royalty fee determined pursuant to section 2187(c) of this title, together with such costs, interest and reasonable attorney's fees as may be fixed by the court. . . . If any such patent licensee shall fail to pay such royalty fee, the patentee may bring an action in any court of competent jurisdiction for such royalty fee, together with such costs, interest and reasonable attorney's fees as may be fixed by the court."

Legal Services Corporation Act

42 U.S.C. § 2996e(f)

"If an action is commenced by the Corporation or by a recipient and a final order is entered in favor of the defendant and against the Corporation or a recipient's plaintiff, the court shall, upon motion by the defendant and upon a finding by the court that the action was commenced or pursued for the sole purpose of harassment of the defendant or that the Corporation or a recipient's plaintiff maliciously abused legal process, enter an order (which shall be appealable before being made final) awarding reasonable costs and legal fees incurred by the defendant in defense of the action, except when in contravention of a State law, a rule or court, or a statute of general applicability. Any such costs and fees shall be directly paid by the Corporation."

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Department of Housing and Urban Development Act

42 U.S.C. § 3537a(c)(5) (action to collect civil money penalty)

"The monetary judgment may, in the court's discretion, include the attorney's fees and other expenses incurred by the United States in connection with the action."

42 U.S.C. § 3537b(d)(6) (action to collect civil money penalty)

"The monetary judgment may, in the discretion of the court, include any attorney's fees and other expenses incurred by the United States in connection with the action."

42 U.S.C. § 3544

"Appropriate relief that may be ordered by such district courts shall include reasonable attorney's fees and other litigation costs."

42 U.S.C. § 3545(i) (action to collect civil money penalty)

"The monetary judgment may, in the court's discretion, include the attorney's fees and other expenses incurred by the United States in connection with the action."

Fair Housing Act

42 U.S.C. § 3612(p)

"In any administrative proceeding brought under this section, or any court proceeding arising therefrom, or any civil action under section 812 [42 U.S.C. § 3612], the administrative law judge or the court, as the case may be, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee and costs. The United States shall be liable for such fees and costs to the extent provided by section 504 of title 5, United States Code, or by section 2412 of title 28, United States Code."

42 U.S.C. § 3613(c)(2)

"In a civil action under subsection (a), the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee and costs. The United States shall be liable for such fees and costs to the same extent as a private person."

42 U.S.C. § 3614(d)(2)

"In a civil action [by the Attorney General] under this section, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee and costs. The United States shall be liable for such fees and costs to the extent provided by section 2412 of title 28, United States Code."

Omnibus Crime Control and Safe Streets Act of 1968

42 U.S.C. § 3789d(c)(4)(B)

"In any civil action brought by a private person to enforce compliance with any provision of this subsection, the court may grant to a prevailing plaintiff reasonable attorney fees, unless the court determines that the lawsuit is

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frivolous, vexatious, brought for harassment purposes, or brought principally for the purpose of gaining attorney fees."

National Flood Insurance Act of 1968

42 U.S.C. § 4081(c)

"The Director of the Federal Emergency Management Agency . . . shall provide any such agent or broker with indemnification, including court costs and reasonable attorney fees, arising out of and caused by an error or omission on the part of the Federal Emergency Management Agency and its contractors."

Uniform Relocation Assistance and Real Property Acquisition Policies Act

42 U.S.C. § 4654

"(a) The Federal court . . . shall award . . . such a sum as will in the opinion of the court reimburse such owner for his reasonable costs, disbursements, and expenses, including reasonable attorney, appraisal, and engineering fees, actually incurred because of the condemnation proceedings. . . ."

"(c) The court rendering a judgment for the plaintiff in a proceeding brought under section 1346(a)(2) or 1491 of Title 28, awarding compensation for the taking of property by a Federal agency, or the Attorney General effecting a settlement of any such proceeding, shall determine and award or allow to such plaintiff . . . reasonable attorney, appraisal, and engineering fees, actually incurred because of such proceeding."

Noise Control Act of 1972

42 U.S.C. § 4911(d)

"The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such an award is appropriate."

National Manufactured Housing Construction and Safety Standards Act

42 U.S.C. § 5412(b)

"[T]he person bringing the action shall also be entitled to recover any damage sustained by him, as well as all court costs plus reasonable attorneys' fees."

Energy Reorganization Act of 1974

42 U.S.C. § 5851(b)(2)(B)

"If an order is issued under this paragraph, the Secretary, at the request of the complainant shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expenses (including attorneys' and expert witness fees). . . ."

42 U.S.C. § 5851(e)(2)

"The court, in issuing any final order under this subsection, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such award is appropriate."

Age Discrimination Act of 1975

42 U.S.C. § 6104(e)(1)

"Such interested person may elect, by a demand for relief in his complaint, to recover reasonable attorney's fees, in which case the court shall award the costs of the suit, including a reasonable attorney's fee, to the prevailing plaintiff."

Energy Policy and Conservation Act

42 U.S.C. § 6305(d)

"The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate."

Solid Waste Disposal Act

42 U.S.C. § 6971(c)

"[A] sum equal to the aggregate amount of all costs and expenses (including attorney's fees) . . . shall be assessed against the person committing such violation."

42 U.S.C. § 6972(e)

"The court, in issuing any final order in any action brought pursuant to this section or section 7006 [42 U.S.C. § 6976], may award costs of litigation (including reasonable attorney and expert witness fees) to the prevailing or substantially prevailing party, whenever the court determines that such award is appropriate."

Clean Air Act

42 U.S.C. § 7413(b)

"In the case of any action brought by the Administrator under this subsection, the court may award costs of litigation (including reasonable attorney and expert witness fees) to the party or parties against whom such action was brought in any case where the court finds that such action was unreasonable."

42 U.S.C. § 7524(c)(6)

"Any person who fails to pay on a timely basis the amount of an assessment of a civil penalty as described in the first sentence of this paragraph shall be required to pay, in addition to that amount and interest, the United States' enforcement expenses, including attorneys fees and costs for collection proceedings. . . ."

42 U.S.C. § 7604(d)

"The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate."

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42 U.S.C. § 7607(f)

"In any judicial proceeding under this section, the court may award costs of litigation (including reasonable attorney and expert witness fees) whenever it determines that such award is appropriate."

42 U.S.C. § 7622(b)(2)(B)

"If an order is issued under this paragraph, the Secretary, at the request of the complainant, shall assess against the person against whom the order is issued a sum equal to the aggregate amount of costs and expenses (including attorneys' and expert witness fees). . . ."

42 U.S.C. § 7622(e)(2)

"The court, in issuing any final order under this subsection, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such award is appropriate."

Power Plant and Industrial Fuel Use Act

42 U.S.C. § 8435(d)

"The court, in issuing any final order in any action brought under subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate."

Ocean Thermal Energy Conservation Act of 1980

42 U.S.C. § 9124(d)

"The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines that such an award is appropriate."

Comprehensive Environmental Response, Compensation, and Liability Act

42 U.S.C. § 9606(b)(2)(E)

"Reimbursement awarded by a court under subparagraph (C) or (D) may include appropriate costs, fees, and other expenses in accordance with subsections (a) and (d) of section 2412 of title 28 of the United States Code."

42 U.S.C. § 9610(c)

"Whenever an order is issued under this section to abate such violation, at the request of the applicant a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees) . . . shall be assessed against the person committing such violation."

42 U.S.C. § 9612(c)(3)

"Upon the request of the President, the Attorney General shall commence an action on behalf of the [Hazardous Substance Response] Fund to recover any compensation paid by the Fund to any claimant pursuant to this subchapter, and, without regard to any limitation of liability, all interest, administrative and

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adjudicative costs, and attorney's fees incurred by the Fund by reason of the claim. . . ."

42 U.S.C. § 9622(h)(3)

"If any person fails to pay a claim that has been settled under this subsection, the department or agency head shall request the Attorney General to bring a civil action in an appropriate district court to recover the amount of such claim plus costs, attorneys' fees, and interest from the date of the settlement."

42 U.S.C. § 9659(f)

"The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to the prevailing or the substantially prevailing party whenever the court determines such an award is appropriate."

42 U.S.C. § 11046(f)

"The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to the prevailing or the substantially prevailing party whenever the court determines such an award is appropriate."

Health Care Quality Improvement Act of 1986

42 U.S.C. § 11113

"[T]he court shall award to a substantially prevailing party defendant against any such claim the cost of the suit attributable to such claim, including a reasonable attorney's fee, if the claim, or the claimant's conduct during the litigation of the claim, was frivolous, unreasonable, without foundation, or in bad faith. . . ."

International Child Abduction Remedies Act

42 U.S.C. § 11607(b)(3)

"Any court ordering the return of a child pursuant to an action brought under section 4 shall order the respondent to pay necessary expenses incurred by or on behalf of the petitioner, including court costs, legal fees . . . unless the respondent establishes that such order would be clearly inappropriate."

Americans with Disabilities Act

42 U.S.C. § 12205

"In any action or administrative proceeding commenced pursuant to this Act, the court or agency, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including litigation expenses, and costs, and the United States shall be liable for the foregoing the same as a private individual."

Homeownership and Opportunity Through HOPE Act

42 U.S.C. § 12875(e) (see also 42 U.S.C. § 1437aaa-4(h))

"The parties specified in the preceding sentence shall be entitled to reasonable attorney fees upon prevailing in any such judicial action."

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42 U.S.C. § 12895(d)

"The parties specified in the preceding sentence shall be entitled to reasonable attorney fees upon prevailing in any such judicial action."

Outer Continental Shelf Lands Act

43 U.S.C. § 1349(a)(5) (*see also* 43 U.S.C. § 1845(e))

"A court, in issuing any final order in any action brought pursuant to subsection (a)(1) or subsection (c) of this section, may award costs of litigation, including reasonable attorney and expert witness fees, to any party, whenever such court determines such award is appropriate."

43 U.S.C. § 1349(b)(2)

"Any resident of the United States who is injured in any manner through the failure of any operator to comply with any rule, regulation, order, or permit issued pursuant to this Act may bring an action for damages (including reasonable attorney fee and expert witness fees). . . ."

Alaska Native Claims Settlement Act

43 U.S.C. § 1619(b)

"A claim for attorney and consultant fees and out-of-pocket expenses may be submitted to the Chief Commissioner of the United States Court of Claims for services rendered before December 18, 1971 to any Native tribe. . . ."

Alaska National Interest Lands Conservation Act

43 U.S.C. § 1631(c)(3) (*see also* 16 U.S.C. § 3117(a))

"If title to land conveyed to a Native Corporation pursuant to the Alaska Native Claims Settlement Act or this Act which underlies a lake, river, or stream is challenged in a court of competent jurisdiction and such court determines that such land is owned by the Native Corporation, the Native Corporation shall be awarded a money judgment against the plaintiffs in an amount equal to its costs and attorney's fees, including costs and attorney's fees incurred on appeal."

Outer Continental Shelf Lands Act

43 U.S.C. § 1845(e) (*see also* 43 U.S.C. § 1349)

"If the decision of the Secretary under subsection (d) of this section is in favor of the commercial fisherman filing the claim, the Secretary, as a part of the amount awarded, shall include reasonable claim preparation fees and reasonable attorney's fees, if any, incurred by the claimant in pursuing the claim."

Railway Labor Act

45 U.S.C. § 153(p)

"If the petitioner shall finally prevail he shall be allowed a reasonable attorney's fee to be taxed and collected as part of the costs of the suit."

Railroad Revitalization and Reform Act

45 U.S.C. § 854(g)

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"The United States shall indemnify the Corporation, its Board of Directors, and its individual directors against all costs and expenses (including fees of accountants, experts, and attorneys) . . ."

Commercial Instruments and Maritime Liens

46 U.S.C. § 31304(b)

"If the plaintiff prevails, the court shall award costs and attorney fees to the plaintiff."

46 U.S.C. § 31325(d)(3)

"If the plaintiff prevails, the court may award costs and attorney fees to the plaintiff."

Shipping Act, 1916

46 U.S.C. App. § 829

"If a petitioner in a district court finally prevails, he shall be allowed a reasonable attorney's fee, to be taxed and collected as part of the costs of the suit."

Merchant Marine Act of 1936

46 U.S.C. App. § 1227

"Any person who shall be injured in his business or property by reason of anything forbidden by this section may sue therefor . . . and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee."

Shipping Act of 1984

46 U.S.C. App. § 1710(h)(2)

"A defendant that prevails in a suit under this paragraph shall be allowed reasonable attorney's fees to be assessed and collected as part of the costs of the suit."

Communications Act of 1934

47 U.S.C. § 206

"[S]uch common carrier shall be liable to the person or persons injured thereby for . . . a reasonable counsel or attorney's fee. . . ."

47 U.S.C. § 407

"If the petitioner shall finally prevail, he shall be allowed a reasonable attorney fee to be fixed by the court."

Cable Communications Policy Act of 1984

47 U.S.C. § 553(c)(2)

"The court may . . . direct the recovery of full costs, including awarding reasonable attorneys' fees to an aggrieved party who prevails."

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47 U.S.C. § 605(d)(3)(B)

"The court may . . . direct the recovery of full costs, including awarding reasonable attorneys' fees to an aggrieved party who prevails."

Alien Owners of Land

48 U.S.C. § 1506

"[S]uch suit shall be dismissed on payment of costs and a reasonable attorney fee to be fixed by the court."

Interstate Commerce Act

49 U.S.C. § 11705(d)(3)

"The district court shall award a reasonable attorney's fee as a part of the damages for which a carrier shall be found liable under this subsection. The district court shall tax and collect that fee as a part of the costs of the action."

49 U.S.C. § 11708(c)

"In a civil action under subsection (a) of this section, the court may determine the amount of and award a reasonable attorney's fee to the prevailing party. That fee is in addition to costs allowable under the Federal Rules of Civil Procedure."

49 U.S.C. § 11710(b)

"The court shall award a reasonable attorney's fee to the plaintiff in a judgment against the defendant carrier under subsection (a) of this section. The court shall tax and collect that fee as a part of the costs of the action."

49 U.S.C. § 11711(d)

"In any court action to resolve a dispute between a shipper of household goods and a motor common carrier . . . the shipper shall be awarded reasonable attorney's fees if . . ."

49 U.S.C. § 11711(e)

"In any court action to resolve a dispute between a shipper of household goods and a motor common carrier . . . such carrier shall be awarded reasonable attorney fees by the court only if the shipper brought such action in bad faith. . . ."

Natural Gas Pipeline Safety Act

49 U.S.C. App. § 1686(e)

"In any action under this section the court may, in the interest of justice, award the costs of suit, including reasonable attorney's fees and reasonable expert witnesses fees, to a prevailing plaintiff. Such court may, in the interest of justice, award such costs to a prevailing defendant whenever such action is unreasonable, frivolous, or meritless. . . ."

Hazardous Materials Transportation Uniform Safety Act of 1990

49 U.S.C. App. §§ 1801 *et seq.*

The following provision is section 27 of Public Law 101-615 and is not codified:

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"Not later than 90 days after the date of the enactment of this Act, the Secretary of Transportation shall submit to Congress a report on -- (1) the safety benefits of a law which provides that if a person causes a hazardous material to be transported in bulk in commerce by a motor carrier, which is involved in a hazardous material incident and which has an unsatisfactory safety rating issued by the Secretary or which has a conditional safety rating issued by the Secretary which has been in effect for a period of more than 12 months, such person shall be liable for at least 50 percent of the costs, damages and attorney's fees assessed against the motor carrier for any hazardous material incident involving such transportation."

Hazardous Liquid Pipeline Safety Act of 1979

49 U.S.C. App. § 2014(e)

"In any action under this section the court may, in the interest of justice, award the costs of suit, including reasonable attorney's fees and reasonable expert witnesses fees, to the prevailing plaintiff. Such court may, in the interest of justice, award such costs to a prevailing defendant whenever such action is unreasonable, frivolous, or meritless. . . ."

Surface Transportation Assistance Act of 1982

49 U.S.C. App. § 2305(c)(2)(B)

"If such an order is issued, the Secretary of Labor, at the request of the complainant may assess against the person against whom the order is issued a sum equal to the aggregate of all costs and expenses (including attorney's fees) reasonably incurred. . . ."

Foreign Intelligence Surveillance Act of 1978

50 U.S.C. § 1810

"An aggrieved person . . . shall be entitled to recover . . . reasonable attorney's fees. . . ."

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CRS-105

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Donegan, Kathy

ATTORNEY'S FEES AWARDS UNDER SECTION 505 August 10, 1993
OF THE COPYRIGHT ACT OF 1976

Report to the Advisory Committee on Copyright
Registration and Deposit (ACCORD)

by Kathy Donegan

August 10, 1993

I. Introduction

Under the "American rule," each party in litigation is responsible for its own expenses, including attorney's fees.¹ Most of the exceptions to this rule are statutory, but there are two important common law exceptions, the common benefit doctrine and the bad faith exception.²

One of the statutory exceptions, section 505 of the Copyright Act of 1976, authorizes courts in infringement actions to "award a reasonable attorney's fee to the prevailing party as part of the costs."³ In order to receive such an award, a copyright owner must have registered the infringed work as required by section 412.⁴

¹ Hensley v. Eckerhart, 461 U.S. 424, 429 (1983), citing Alyeska Pipeline Service Co. v. Wilderness Society, 421 U.S. 240, 247 (1975).

² The common benefit doctrine authorizes federal courts to set aside a portion of a common fund created by the lawsuit to pay the prevailing plaintiff's attorney's fees. See Boeing Co. v. Van Gemert, 444 U.S. 472 (1980). The bad faith exception authorizes federal courts to award fees against a party who acts in bad faith in the actions that led to the lawsuit or in the conduct of the litigation. Hall v. Cole, 412 U.S. 1, 15 (1973).

³ 17 U.S.C. § 505 (1988).

⁴ Section 412 restricts attorney's fee awards to cases in which infringement occurred after the work was registered. The only exception to this is made for published works which were

The statute leaves to the discretion of the courts the issues of when an attorney's fees award is appropriate and what amount is reasonable. Because the Supreme Court has not yet addressed these issues in a copyright case,⁵ the federal circuits which have addressed the issue have developed several standards for answering these questions.

II. Standards for Determining Whether to Award Attorney's Fees

In deciding whether to award attorney's fees in a particular case, the court must first decide which party, if any, has "prevailed." In those circuits which award attorney's fees as a matter of course, this ends the inquiry, unless there are mitigating circumstances. In other circuits, the court must justify an award of attorney's fees, especially if that award is made to a prevailing defendant.

registered within three months of their publication. 17 U.S.C. § 412 (1988) (as amended by Pub. L. 101-650, 104 Stat. 5128 (1990).)

⁵ The Court has granted certiorari in a Ninth Circuit case involving the proper standard for awarding attorney's fees under Section 505. The Ninth Circuit precludes awards of attorney's fees to prevailing defendants absent a finding that the action was frivolous or brought in bad faith, thereby making it more difficult for prevailing defendants to obtain an award of attorney's fees than for prevailing plaintiffs. Fantasy, Inc. v. Fogerty, 61 U.S.L.W. 3845 (June 22, 1993).

A. Selecting the Prevailing Party

The "prevailing party" may be defined as the one which prevails "as to the substantial part of the litigation."⁶ A somewhat lower standard for "prevailing" describes the prevailing party as "one who succeeds on a significant issue in the litigation that achieves some of the benefits the party sought in bringing suit."⁷

In cases involving more than one issue or claim, each party may prevail in some portion of the litigation, and would receive only partial fees. However, copyright infringement claims may be brought in conjunction with other types of claims, such as contract or patent claims, which have different standards for awarding attorney's fees.⁸ In such cases, the presence, or even predominance, of other types of claims does not appear to preclude the full award of attorney's fees under section 505. That is, once a party is deemed to have "prevailed" in the

⁶ Best Medium Publishing Co. v. National Insider, Inc., 385 F.2d 384, 386 (7th Cir. 1967). A party who obtains a favorable settlement will be deemed to have prevailed. Maher v. Gagne, 448 U.S. 122, 129 (1980) (decided under 42 U.S.C. § 1988).

⁷ Warner Bros. v. Dae Rim Trading, Inc., 877 F.2d 1120, 1126 (2d Cir. 1989), citing Hensley v. Eckerhart, 461 U.S. 424, 433 (1983).

⁸ Unless the contract specifies otherwise, a contract case would follow the common law rules regarding attorney's fees. Patent cases are governed by 35 U.S.C. § 285, which allows recovery of attorney's fees only "in exceptional cases."

litigation as a whole, attorney's fees have been awarded without regard to the types of claims on which it has prevailed.⁹

B. Circuits Which Award Attorney's Fees as a Rule

Two circuits award attorney's fees as a matter of course to prevailing parties. In these circuits, a judge need explain only a decision denying attorney's fees, not one awarding them.

In Micromanipulator Co., Inc. v. Bough,¹⁰ the Fifth Circuit said that "[a]lthough attorney's fees are awarded in the

⁹ Mailer v. RKO Teleradio Pictures, Inc., 332 F.2d 747 (2d Cir. 1964), is an extreme example of this. Norman Mailer had licensed the movie rights to his novel The Naked and the Dead to RKO, but the contract provided that they would revert to Mr. Mailer if production of a feature length film were not completed within three years and six months. The film was nearly completed by that time, was previewed three days after, and was released nationally less than four months later. Mr. Mailer sued to prevent distribution of the film. The court decided the case on the basis of contract law, refusing to interpret the contract "so as to frustrate and distort the intentions of the parties." Id. at 749. However, it affirmed the award of \$5,000 to RKO under the attorney's fees provision of the Copyright Act of 1909. Id.

See also Warner Bros. v. Dae Rim Trading, Inc., 677 F. Supp. 740, 695 F. Supp. 100 (S.D.N.Y. 1988), a case in which a single claim of copyright infringement was litigated. The trial court awarded Warner Brothers \$100 in statutory damages for infringement of its "Gizmo" copyright and awarded Dae Rim \$750 in costs and \$38,498.61 in attorney's fees, despite the fact that the only issue on which Dae Rim could be said to have prevailed was Warner Brothers' voluntary withdrawal prior to trial of a second claim for infringement of its "Stripe" copyright. The court pointed to Warner Brothers' "harassing," 677 F. Supp. at 771, and "questionable tactics," 677 F. Supp. at 750, to justify the award. In its opinion reversing the award of attorney's fees, the Second Circuit said that "[a] balancing of all the factors, with due regard to the heavier burden imposed upon defendants who seek fees, leads us to conclude that neither side should be awarded attorneys' fees." 877 F.2d 1120, 1127 (2d Cir. 1989) (citation omitted).

¹⁰ 779 F.2d 255 (5th Cir. 1985).

trial court's discretion, they are the rule rather than the exception and should be awarded routinely."¹¹ In Engel, a contract case, the court said that "[w]here a statute or contractual provision authorizes a fee award, such an award becomes the rule rather than the exception, and should be awarded routinely as are costs of suit."¹² If the court exercises its discretion to deny attorney's fees, that decision "must be supported with adequate reasons."¹³

In the Eleventh Circuit, "the only preconditions to an award of fees [are] that the party receiving the fee be the 'prevailing party' and that the fee be reasonable."¹⁴

C. Circuits Which Award Attorney's Fees Only in Exceptional Cases

In two circuits, a judge must justify a decision awarding attorney's fees to a prevailing party, but need not justify one denying them. These circuits usually require a finding of misconduct on the part of the losing party.

The Third Circuit, after reviewing the policies of other circuits, declared that "we do not require bad faith, nor do we mandate an allowance of fees as a concomitant of prevailing in

¹¹ Id. at 259, citing Engel v. Teleprompter Corp., 732 F. 2d 1238, 1241 (5th Cir. 1984).

¹² 732 F. 2d at 1241.

¹³ Id. at 1242.

¹⁴ Original Appalachian Artworks, Inc. v. Toy Loft, 684 F.2d 821 (11th Cir. 1982). See also Cable/Home Communication Corp. v. Network Productions, Inc., 902 F.2d 829, 853 (11th Cir. 1990); Casella v. Morris, 820 F.2d 362, 366 (11th Cir. 1987).

every case Factors which should play a part include frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence."¹⁵

The Seventh Circuit "has determined that a finding of wilful copyright infringement will support an award of attorney's fees, although wilfulness is not necessarily a prerequisite."¹⁶ In Roulo, the court affirmed the district court's decision awarding the plaintiff costs and \$4.3 million in damages and denying attorney's fees. The court agreed with the Ninth Circuit that "attorney's fees under [17 U.S.C. § 505] have been awarded for the purposes of encouraging the assertion of colorable copyright claims, deterring infringement, and making the plaintiff whole,"¹⁷ but declined to award attorney's fees to the plaintiff because such an award "would serve only to sanction the defendant which is inappropriate where the infringement is not wilful."¹⁸

¹⁵ Lieb v. Topstone Industries, Inc., 788 F.2d 151, 156 (3d Cir. 1986).

¹⁶ Roulo v. Russ Berrie & Co., Inc., 886 F.2d 931, 942 (7th Cir. 1989) citing International Korwin Corp. v. Kowalczyk, 855 F.2d 375 (7th Cir. 1988) and cases cited therein.

¹⁷ Id. citing McCulloch v. Albert E. Price, Inc., 823 F.2d 316, 321 (9th Cir. 1987).

¹⁸ Roulo, 886 F.2d at 943.

D. Circuits Which Have a Higher Standard for Awards to Defendants than for Plaintiffs

Two circuits award attorney's fees to prevailing plaintiffs routinely, but award them to defendants only when there is a showing of misconduct on the part of the plaintiff. Both find support for this distinction in the supposed legislative purpose of section 505 "to encourage the assertion of colorable copyright claims and to deter infringement."¹⁹

The Second Circuit, home to many major publishing houses, awards attorney's fees to prevailing plaintiffs "as a matter of course,"²⁰ but requires a successful defendant to show that "plaintiff's claims are objectively without arguable merit"²¹ or are "baseless, frivolous, unreasonable or brought in bad faith."²² The defendant need not prove subjective bad faith because of the statutory authorization for the fee award.²³

¹⁹ Diamond v. Am-Law Publishing Corp., 745 F.2d 142, 148 (2d Cir. 1984); Hustler Magazine, Inc. v. Moral Majority, Inc., 796 F.2d 1148 (9th Cir. 1986).

²⁰ Folio Impressions, Inc. v. Byer California, 937 F.2d 759, 767 (2d Cir. 1991); Whimsicality, Inc. v. Rubie's Costume Co., 891 F.2d 452, 457 (2d Cir. 1989); Roth v. Pritikin, 787 F.2d 54, 57 (2d Cir. 1986).

²¹ Diamond, 745 F.2d at 148; Whimsicality, 891 F.2d at 457.

²² Whimsicality, 891 F.2d at 457; Roth, 787 F.2d at 57; Grosset & Dunlap, Inc. v. Gulf & Western Corp., 534 F. Supp. 606, 610 (S.D.N.Y. 1982).

²³ Diamond, 745 F.2d at 148. Subjective bad faith, or malice, is required for a fee award under the common law bad faith exception to the American rule. Copeland v. Martinez, 603 F.2d 981, 991 (D.C. Cir. 1979), cert. denied, 444 U.S. 1044 (1980).

The Ninth Circuit, home of the movie industry, also distinguishes between prevailing plaintiffs and prevailing defendants in awarding attorney's fees. "In order to receive attorney's fees on a claim of copyright infringement, a prevailing defendant must show that the action was frivolous or brought in bad faith."²⁴

E. Circuits Which Have Expressly Declined to Set a Standard

Two other circuits have expressly declined to rule on this complex issue. After surveying the decisions in other jurisdictions, both the D.C. Circuit²⁵ and the Eighth Circuit²⁶ found it unnecessary to decide which standard was correct.

III. Standards for Determining the Reasonableness of Attorney's Fees

Once a court has decided that an attorney's fee award is appropriate, the statute requires it to award a "reasonable" amount. Most of the circuits which have addressed this issue have selected one of two standards drawn from non-copyright

²⁴ Bibbero Systems, Inc. v. Colwell Systems, Inc., 893 F.2d 1104, 1108 (9th Cir. 1990), citing Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc., 777 F.2d 485, 493-94 (9th Cir. 1985); Jartech, Inc. v. Clancy, 666 F.2d 403, 407 (9th Cir. 1982), cert. denied, 459 U.S. 879, reh'g denied, 459 U.S. 1059, second reh'g denied, 463 U.S. 1237 (1983).

²⁵ Walt Disney Co. v. Powell, 897 F.2d 565, 568 n.6 (D.C. Cir. 1990).

²⁶ Hartman v. Hallmark Cards, Inc., 833 F.2d 117, 123 (8th Cir. 1987).

cases. The standards allow the judges wide latitude to consider the specific circumstances of each case and are more similar to one another than not.

A. The Lindy Test

One test of the reasonableness of attorney's fees was set out in Lindy Bros. Builders v. American Radiator & Standard Sanitary Corp.,²⁷ an antitrust case. This method is known as the lodestar method because it directs the court to first calculate a "lodestar" amount by multiplying the time spent by the reasonable value of that time. The court then adjusts the amount to reflect other considerations such as the contingent nature of success, the quality of the attorney's work, the complexity and novelty of issues presented, and the amount of the recovery.²⁸ District courts in the First²⁹ and Third³⁰ Circuits employ this method.³¹

²⁷ 487 F.2d 161 (3d Cir. 1973).

²⁸ Id. at 167-68.

²⁹ Milene Music, Inc. v. Gotauco, 551 F. Supp. 1288, 1298 (D.R.I. 1982).

³⁰ Moorish Vanguard Concert v. Brown, 498 F. Supp. 830, 831 (E.D. Penn. 1980).

³¹ Subsequent to these two district court cases, the Supreme Court in Hensley v. Eckerhart, 461 U.S. 424 (1983), adopted a method of computing attorney's fees in civil rights cases that is a hybrid of Lindy and Johnson (discussed below). The First and Third Circuits do not appear to have decided whether this method is appropriate in copyright cases.

B. The Johnson Factors

The other standard comes from a civil rights case, Johnson v. Georgia Highway Express, Inc.³² In Johnson the court listed twelve factors which a court should consider in setting a reasonable attorney's fee award. These include the time and labor required, the novelty and difficulty of the questions, the skill required, the preclusion of other employment by the attorney, the amount involved and the results obtained, and the amounts awarded in similar cases.³³ This standard is followed in the Fifth³⁴ and Eleventh³⁵ Circuits.

C. The Second Circuit Standard

The Second Circuit has not explicitly adopted either of these two standards for copyright cases. "In determining what is a reasonable attorney's fee, the Court should take into account the following elements, among others: the amount of work necessary; the amount of work done; the skill employed; the monetary amount involved; and the result achieved."³⁶

³² 488 F.2d 714 (5th Cir. 1974).

³³ Id. at 718-19.

³⁴ Micromanipulator, 779 F.2d at 259. The Fifth Circuit directs the judge to "pay 'special heed' to four of the twelve factors: (1) the time and labor required, (5) the customary fee, (8) the amount involved and the results obtained, and (9) the experience, reputation, and ability of the attorneys." Id.

³⁵ Southern Bell Telephone & Telegraph Co. v. Associated Telephone Directory Publishers, 756 F.2d 801, 813 (11th Cir. 1985).

³⁶ Cloth v. Hyman, 146 F. Supp. 185 (S.D.N.Y. 1956) (footnotes omitted).

IV. Summary

The circuit courts of appeals employ widely differing standards for determining when an award of attorney's fees to a prevailing party in a copyright infringement case is appropriate. Most which have announced a standard require something more than merely winning in order to award attorney's fees to a prevailing defendant, but two have stated that they are to be awarded as a rule to either side. This split should be resolved when the Supreme Court decides the Fantasy case.

Traphagen, Mark
July 8, 1993

**MONETARY AWARDS OF INFRINGER'S PROFITS
UNDER SECTION 504 OF THE 1976 COPYRIGHT ACT**

**Report to the Librarian's Advisory Committee
on Copyright Registration and Deposit
(ACCORD)**

by Mark Traphagen

July 8, 1993

I. Introduction

Under Section 412 of the Copyright Act of 1976, prevailing copyright owners are not entitled to statutory damages or attorneys fees for infringements occurring before registration. The only exception made is for copyrights in published works registered within three months after registration, which permit recovery of statutory damages and attorneys fees even if the infringement precedes registration. If statutory damages are thus unavailable, or if they are not elected, under Section 504 the copyright owner is still entitled to seek monetary recovery in the form of its own actual damages and the infringer's profits from the infringement.

An award of profits requires copyright owners to shoulder a lighter burden of proof rather than if they seek actual damages. To be entitled to an award of actual damages, the copyright owner bears the burden of establishing "with reasonable probability the existence of a causal connection between the infringement of the defendant and some loss of anticipated revenue," usually in the form of lost revenues and diminished market value. 2

P. Goldstein, Copyright § 12.1.1. (1989) (hereinafter

"Goldstein"), quoting Key West Hand Print Fabrics, Inc. v. Serbin, Inc., 269 F. Supp. 605, 613 (S.D. Fla. 1966), aff'd, 381 F.2d 735 (5th Cir. 1967). In contrast, to be entitled to an award of profits, the copyright owner "is required to present proof only of the infringer's gross revenue" under Section 504, (emphasis added). Therefore, profits are an important element of monetary recovery and this report discusses their award by the courts.

II. The Measure of Profits under the 1976 Act

Section 504(a) of the 1976 Act makes the copyright infringer liable for "the copyright owner's actual damages and any additional profits of the infringer. . . ." Section 504(b) provides for the extent and computation of liability as follows:

(b) ACTUAL DAMAGES AND PROFITS. - The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

The 1976 Act revised the provisions regarding profits in the 1909 Copyright Act.^{1/} In particular, Section 504 of the 1976 Act

^{1/} Section 101(b) of the 1909 Copyright Act made copyright infringers liable to

pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims

(footnote continued)

was intended to resolve conflicting interpretations about whether copyright owners were entitled to cumulative recovery of profits and actual damages and to provide guidance to the courts on "the most significant problems in determining defendant's profits [which] have been (1) apportionment of profit to the infringing portion of defendant's work; and (2) the elements of cost properly deductible from sales receipts in arriving at profits." W. Patry, Latman's The Copyright Law 284 (6th ed. 1986) (hereinafter "Patry"); N. Boorstyn, Copyright Law § 10:15 (1981); Zissu and Simkin, "Copyright Litigation: Infringement and Remedies," Current Developments in Copyright Law 333-370 (PLI Coursebook #101 1979) (hereinafter "Zissu and Simkin").

A. Cumulative Recovery of Damages and Profits

Under the 1909 Act, there was confusion in the courts about whether recovery of actual damages and profits was cumulative or alternative. Patry, supra p. 3, at 283. Section 101(b) of the 1909 Act literally provided for cumulative recovery of both actual damages and profits by holding the infringer liable "[t]o pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement" This viewpoint became firmly established in the Second

(cont'd)

Section 101(b) also provided "in lieu" damages, which were subject to a number of limitations depending on the form of the copyrighted work and type of infringement. "In lieu" damages were, in effect, statutory damages.

Circuit and was justified as necessary to deter infringers and fully compensate copyright owners. Thomas Wilson & Co. v. Irving J. Dorfman Co., 433 F.2d 409 (2d Cir. 1970), cert. denied, 401 U.S. 977 (1971). The Second Circuit even permitted cumulative recovery of profits and statutory damages. See Peter Pan Fabrics, Inc. v. Jobela Fabrics, Inc., 329 F.2d 194 (2d Cir. 1964).

The statute was apparently at odds with its legislative history, however. Congress selected the language of Section 101(b) to conform to provisions in contemporary patent laws, which had been customarily interpreted to permit the patent owner to elect the greater of damages or profits as the measure of monetary recovery. A. Latman, The Copyright Law 243 (5th ed. 1979) (hereinafter "Latman"), quoting H.R. Rep. No. 2222, 60th Cong., 2d Sess. 15 (1909). This theory of alternative recovery became established in the Ninth Circuit. Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp., 562 F.2d 1157 (9th Cir. 1977). Nonetheless, even under alternative recovery an infringer would be required to do more than merely disgorge profits if they were less than the copyright owner's actual damages. See, Harold Lloyd Corp. v. Universal Pictures Co., 162 F.2d 354, 376 n.13 (9th Cir. 1947).

This confusion was resolved by Section 504(b) of the 1976 Act, which permits cumulative recovery of actual damages and any profits that "are not taken into account in computing the actual damages." Section 504(b) discontinued fully cumulative recovery of actual damages and profits on grounds that ...

[w]here the defendant's profits are nothing more than a measure of the damages suffered by the copyright owner,

it would be inappropriate to award damages and profits cumulatively, since in effect they amount to the same thing.

H.R. Rep. No. 1476, 94th Cong., 2d Sess. 161 (1976); S. Rep. No. 473, 94th Cong., 1st Sess. 143 (1975) (hereinafter cited collectively as "H.R. Rep."). The overriding purpose here is to avoid double-counting. Latman, supra p. 4, at 243. As a result, profits may be recovered, but only to the extent they have not been considered in assessing actual damages. Patry, supra p. 3, at 283. Thus, Section 504(b) permits limited cumulative recovery where the infringer's profits exceed measurable damages, or where measurable damages exceed the infringer's profits. H.R. Rep., supra p. 1, at 161; Abeshouse v. Ultragraphics, Inc., 754 F.2d 467, 472 (2d Cir. 1985). It should also be noted that the copyright owner may elect alternative recovery of profits alone, thus making it unnecessary to show they exceeded actual damages. Taylor v. Meirick, 712 F.2d 1112 (7th Cir. 1983).

A straightforward method of computing awards of profits and actual damages is to consider actual damages as "a fee that the infringer would have had to pay the copyright owner for a license, ... and that... would have been deducted from gross revenues to compute its profits." Goldstein, supra p. 2, § 12.1.2.1.c. For example, in Taylor v. Meirick, a monetary award was remanded on grounds that the infringer's profit from the sale of copies was already encompassed by the copyright owner's actual damages from lost sales. The Court of Appeals reasoned that

[i]f profits the owner would have made but for the infringement are equal to the profits the infringer made by selling the copyrighted item, . . . the 'not taken into account' clause . . . bars the owner from receiving

an additional award . . . based on the infringer's profits.

712 F.2d at 1120.

On the other hand, Section 504(b) does not mandate that the copyright owner's actual damages must be deducted from the infringer's profit if they do not represent the same loss or unjust enrichment. For example, an award of profits was not reduced in Abeshouse v. Ultragraphics, Inc., 754 F.2d at 472, because the copyright owner's actual damages, in the form of lost sales to the infringer under an exclusive license, were not reflected in the infringer's profits from sales of unauthorized reproductions.

B. Deduction and Allocation of Recoverable Profits

Aside from the issue of cumulative recovery, the amount of recoverable profits is determined under the 1976 Act by the same rules as under the 1909 Act. Patry, supra p. 3, at 283; Zissu and Simkin, supra p. 3, at 370; Latman, supra p. 4, at 241. Under both statutes, there have been two significant problems in determining the amount to be awarded as profits: (1) identifying the expenses that the infringer may properly deduct from gross revenues, and (2) apportioning profit to the infringing portion of the infringer's work. Patry, supra p. 3, at 283.

Judicial guidelines for managing these problems were incorporated in the 1976 Act. Section 504(b) of the 1976 Act requires the copyright owner "to present proof only of the infringer's gross revenue" Section 504(b) then puts the burden on the infringer to reduce the copyright owner's potential

recovery by proving "his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work." The copyright owner is entitled to recover the infringer's gross revenues as profits unless the infringer proves deductible expenses, or allocates a portion of its profit to noninfringing efforts. See Blackman v. Hustler Magazine, Inc., 800 F.2d 1160, 1163-1164 (D.C. Cir. 1986); and Russell v. Price, 612 F.2d 1123, 1131 (9th Cir. 1979), cert. denied, 446 U.S. 952 (1980) (both applying the 1909 Act).

1. Deductible Expenses

Because neither the 1976 Act nor the legislative history identify what expenses may be deducted, the infringer's efforts to reduce an award of profits usually depend on generally accepted accounting practices and case law. 3 Nimmer, Nimmer on Copyright § 14.03[B] (1992) (hereinafter "Nimmer"); see, e.g., Branch v. Ogilvy & Mather, Inc., 772 F. Supp. 1359, 1363 (S.D.N.Y. 1991) In general, the only expenses that may be deducted are those proved to relate to the infringing work. Nimmer, supra, § 14.03[B]. As discussed above, actual damages, to the extent they have already been taken into account, should also be deducted in computing profits. Goldstein, supra p. 2, §12.1.2.1.c; citing Taylor v. Meirick, 712 F.2d at 1120; Harper House, Inc. v. Thomas Nelson Publishers, Inc., 4 U.S.P.Q.2d 1897 (C.D. Cal. 1987).

If the infringement was not willful, conscious, or deliberate, a portion of the infringer's overhead may be deducted from gross revenues to determine profits. Overhead expenses

should be deducted, however, "only when the infringer can demonstrate that [the overhead expense] was of actual assistance in the production, distribution, or sale of the infringing product." Kamar International, Inc. v. Russ Berrie & Co., 752 F.2d 1326, 1331-1332 (9th Cir. 1984); Taylor v. Meirick, 712 F.2d at 1121; see also Nimmer, supra p. 7, § 14.03[B]; Goldstein, supra p. 2, § 12.1.2.1.c.

Defendant bears the burden of explaining in general how claimed overhead actually contributed to producing or distributing the infringing product. Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 505 (9th Cir. 1985). For example, it is not enough for the infringer to present a reasonable basis for allocating categories of total overhead costs. Rather, the infringer must also show that these categories of overhead actually contributed to sales of the infringing product. Kamar International, 752 F.2d at 1332. Taylor v. Meirick, 712 F.2d at 1121; Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d at 516; Kamar Int'l. Inc. v. Russ Berrie & Co., 752 F.2d at 1332.

What may not be deducted is the cost of infringing copies which did not generate gross revenues because they were not sold or were later returned. Dolori Fabrics, Inc. v. Limited, Inc., 662 F. Supp. 1347, 1356-1357 (S.D.N.Y. 1987); but see Syigma Photo News, Inc. v. High Society Magazine, Inc., 603 F. Supp. 829, 831 (S.D.N.Y.), aff'd and remanded, 778 F.2d 89 (2d Cir. 1985) (permitting deduction for cost of copies destroyed, rather than held in inventory). Nor can the infringer claim no profits were derived because they were insufficient to offset losses from other

aspects of its business. Wilkie v. Santly Bros., Inc., 139 F.2d 264 (2d Cir. 1943), cert. denied, 322 U.S. 740 (1944).

Any uncertainty resulting from the infringer's failure to keep adequate records will be resolved in the copyright owner's favor. For example, a district court was reversed for refusing to use an infringer's gross revenues of near \$4 million as pro-allocation profit to be used in determining recovery for an infringing use of a photograph in a magazine, even though the infringer presented no cost records. Blackman v. Hustler Magazine, Inc., 800 F.2d at 1163-1164. As one court observed, "[i]t is too much to ask a plaintiff who has proved infringement also to do the defendant's cost accounting." Taylor v. Meirick, 712 F.2d at 1121-1122.

2. Apportionment of Profits to Infringement

Because a portion of the infringer's profits resulted from independent, noninfringing contributions and expenditures, the Supreme Court interpreted the 1909 Act in Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390, 396 (1940), to require that an award of profits be allocated to "only that part of the profits found to be attributable to the use of the copyrighted material or distinguished from what the infringer himself has supplied." Section 504(b) of the 1976 Act codified Sheldon by permitting apportionment and requiring infringers to bear the burden to prove "the element of profit attributable to factors other than the copyrighted work."

This purpose was reflected in the legislative history, which states that:

[O]nly those profits "attributable to the infringement" are recoverable; where some of the defendant's profits result from the infringement and other profits are caused by different factors, it will be necessary for the court to make an apportionment. However, the burden of proof is on the defendant in these cases; in establishing profits the plaintiff need prove only "the infringer's gross revenue," and the defendant must prove . . . the element of profit attributable to factors other than copyrighted work.

H.R. Rep., supra p. 1, at 161.

Thus, when the infringing and noninfringing elements of a work can be separated, courts will calculate profits by comparing the relative proportion of each that derive from the work. For example, in Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d at 516, the Court of Appeals remanded an award of profits because the district court had not explained why the copyright owner was entitled to only \$22,000 out of \$2.5 million in profits.

If necessary, however, a quantitative apportionment will be revised "to account for the qualitative impact of the copyrighted elements on the profits earned by the entire work." Goldstein, supra p. 2, § 12.1.2.2. For example, in Syona Photo News, Inc. v. High Society Magazine, Inc., 778 F.2d at 96, the court acknowledged that the infringing photograph on a magazine cover disproportionately affected profits, but nonetheless reduced the allocation from 75 to 50 percent of profits. In Lottie Johnson Thomas Trust v. Crown Publishers, Inc., 592 F.2d 651 (2d Cir. 1978), the infringed works of musical compositions represented only 10 percent of entire sound recording, but accounted for 50 percent of the infringer's profits.

Under Sheldon, apportionment was denied to infringers only if the evidence was not sufficient "to provide a fair basis of

division so as to give to the copyright proprietor all the profits that can be deemed to have resulted from the use of what belonged to him." 309 U.S. at 402. However, want of precision is not a ground for denying apportionment to an infringer, even though a court should err on the side of giving it full recovery. Gaste v. Kaiserman, 863 F.2d 1061, 1070 (2d Cir. 1988).

III. Conclusion

According to the legislative history, Section 504 was intended:

(1) to give the courts specific unambiguous directions concerning monetary awards, thus avoiding the confusion and uncertainty that have marked the present law on the subject, and, at the same time, (2) to provide the courts with reasonable latitude to adjust recovery to the circumstances of the case, thus avoiding some of the artificial or overly technical awards resulting from the language of the existing statute.

H.R. Rep., *supra* p. 1, at 161.

It is uncertain whether Section 504(b) and its application by the courts has actually affected the ability of prevailing copyright owners to win awards of the infringer's profits. For example, Section 504(b) did not depart from the 1909 Act, but rather codified judicial existing judicial guidelines for deducting expenses relating to, and apportioning profits attributable to, the infringement.

Section 504(b) did change conflicting interpretations as to whether the 1909 Act permitted fully cumulative or alternative recovery of actual damages and profits, but its aggregate effect for copyright owners may have been nil. Section 504(b) arguably reduced the potential monetary recovery available to prevailing

copyright owners bringing suit in the Second Circuit, where fully cumulative recovery of actual damages and profits, and in some cases profits and statutory damages, had been available. By ameliorating the harsher rule of alternative recovery, however, Section 504(b) may have enlarged the potential monetary recovery in the Ninth Circuit, where a large number of copyright cases are also brought.

Thus, Section 504(b) seems to have accomplished its goals of giving courts direction in awarding profits, while also giving direction to adjust monetary recovery to the circumstances of the case. A larger question is whether copyright owners can, in the absence of statutory damages, recover monetary awards adequate to achieve two legislative goals of the 1976 Act: to compensate copyright owners for losses from infringement, and to prevent the infringer from unjustly benefitting from its wrongdoing. H.R. Rep., SUPRA, at 161.

WORKING PAPER #7

Pierce, Jeannette

GENERAL SUMMARY OF COPYRIGHT AND DEPOSIT REGULATIONS June 21, 1993 IN VARIOUS COUNTRIES

The following table and summaries provide a general overview of copyright and deposit legislation in various countries. The information is summarized from information provided for Dan Mulhollan, Acting Deputy Librarian of Congress by the Law Library of Congress in March and April 1993. The table and summaries do not address particular details of copyright laws in the given countries.

	G E R M A N Y	F R A N C E	I T A L Y	B E L G I U M	S W I T Z E R L A N D	B R I T A I N	C A N A D A	A U S T R A L I A	J A P A N	C H I N A	S I N G A P O R E	I N D I A	M E X I C O	C O L U M B I A	S O U T H A F R I C A
Registration Required for Copyright Protection	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Deposit Required for Copyright Protection	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Registration or Notice Required in Copyright Law	N	N	Y	N	N	N	N	?	N	N	N	N	N	Y	N
Registration or Notice Recommended in Copyright Law	N	Y	N	N	?	Y	Y	?	N	N	?	Y	Y	Y	N
Deposit Required with Registration	N	?	Y	?	?	N	N	?	N	?	?	N	Y	Y	N
Deposit Required in Copyright Law (not related to registration)	N	N	N	N	N	Y	N	Y	N	N	N	N	N	N	N
Deposit Required in Separate Law	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y	N	Y	N	Y
Deposit Requirement for Works First Published in Another Country then Published or Distributed in Given Country	N	Y	N	Y	Y	?	Y	Y	Y	N	Y	N	Y	N	Y
Penalty for Failure to Deposit	Y	Y		Y	Y	Y	Y	Y	Y	N	?	N	Y	N	Y

GERMANY¹

Registration or deposit is not required as a condition of copyright protection. Works have copyright protection if they fall into the statutory categories of protected works.² The statutory basis for mandatory deposit comes from the Law on the Deutsche Bibliothek which created the national library in former West Germany.³ Legislation requires one copy of each printed work published in Germany to be deposited in both national libraries. Mandatory deposit applies to printed literary works, sheet music, recorded music, films, microfilm and microfiche. The purpose of mandatory deposit is to collect all material of scholarly, historic, or cultural value.⁴ Publications that lack significance are excluded. Among the exempted works are: business reports, various advertising, tickets, games, and newspapers, unless their deposit is requested.⁵ Video cassettes are not subject to deposit, though many producers deposit them voluntarily. Maps are not included in the deposit requirement. The compliance rate is 90% and the remainder of the published works are obtained after admonitions, or judicial enforcement. Deposit copies form the backbone of the collection of the Deutsche Bibliothek and are used to prepare the weekly national bibliography, the Deutsche Bibliographie.⁶ Federal law has always provided for compensation when the deposit could be viewed as burdensome. The Deutsche Bibliothek grants up to one-half of the purchase price for works that cost more than 150 DM (approx. \$100.00) and that are published in editions of less than 500 copies. The mandatory deposit law is not applicable to foreign works.

FRANCE⁷

Registration or deposit is not required as a condition of copyright protection. Copyright Law protects particular intellectual works by their mere creation.⁸ A separate legal deposit law has been recently updated. Law No. 92-546 of June 20, 1992 provides that all printed, graphic, photographic, sound, audiovisual, multimedia materials, works for broadcast, and computer programs are subject to mandatory deposit.⁹ The printer or manufacturer must send two copies to the local library that must forward a copy to the Bibliotheque Nationale which in its turn makes duplicates to be distributed to other libraries and international exchange organizations. Other deposit recipients are the National Center of Cinematography and the Audiovisual National Center.¹⁰ Importers of foreign books in France are required to abide to the mandatory deposit regulations according to Decree No. 81-1068 of December 3, 1981.¹¹ Notice must appear on all works deposited. The purpose of notice and registration is to make the work available to researchers and encourage the circulation of ideas. The Bibliotheque Nationale receives 90 to 100% of the publications it wants. The Library has ten years to claim a work although it is supposed to receive the work before distribution.¹² Failure to deposit is punishable by a fine.

ITALY¹³

Registration or deposit is not required as a condition of copyright protection. However, Italian copyright law requires registration and deposit at the Literary, Artistic and Scientific Property Office, a Department in the Prime Minister's Office within 90 days of publication.¹⁴ Italy also has separate legislation dating back to 1939 which requires the legal deposit of any printed material in five copies of the best edition, excluding limited editions not intended for regular distribution.¹⁵ The printer must send four copies to the government authority and one copy to the office of the Public Prosecutor in the province of the printer's residence. One of the copies sent to the government is forwarded to the Prime Minister's press office, one to the National Library in Florence, and one to the National Library in Rome. Italian law on mandatory deposit applies only to printed material. The law makes no reference to foreign works, it may be assumed it does not apply to them. Failure to deposit is punishable by a fine.

BELGIUM¹⁶

Registration or deposit is not required as a condition of copyright protection. The only condition for protection is that the work has to be artistic or literary in nature.¹⁷ A separate law establishes mandatory deposit.¹⁸ The Law requires deposit in the Royal Library of Belgium of publications published in Belgium and those published abroad by a Belgian domiciled in Belgium. Periodicals that appear less than once a week must be deposited. One copy is to be deposited within 15 days of publication, if published in Belgium and within 2 months if published abroad. The deposit is made free of charge; but, if the price of the work exceeds 1,000 francs, the library pays for the work if it wishes to keep it. Failure to make a deposit is punishable by a fine from 26 to 250 francs and from 50 to 1,00 francs for a second offense. In such a case, the Royal Library may purchase a copy at the author's expense. The Mandatory Deposit Law has benefited the Royal Library of Belgium in that it made possible to assemble there, without substantial expense, all those publications published in Belgium and abroad by Belgians domiciled in Belgium.

SWEDEN¹⁹

Registration or deposit is not required as a condition of copyright protection in Sweden. The author of a work enjoys property right by fact of its creation.²⁰ The 1978 Law on Mandatory Copy Deposit and the 1978 Regulation on the same subject contain rules on the duty to furnish certain libraries and archives with copies of written published work (print, photoduplicated or the like), phonograms, videograms and certain combinations of such materials in order to meet the needs for present and future research activities.²¹ The publisher of written material, published within Sweden, must deposit one copy of the work in the National Library and other copies at the universities of Stockholm, Uppsala, Linköping, Lund, Göteborg, and Umeå. Works published outside Sweden must be deposited if a work is wholly or partially in Swedish and is meant to be distributed in Sweden. The Law requires mandatory deposit of films, phonograms and videograms at the National Archives for Sound and Picture. Mandatory copies other than periodicals must be deposited no later than one month after the quarterly period in which the work was published. The Law prescribes a penalty of a fine for non-fulfillment of the obligation to deposit.

BRITAIN²²

Registration or deposit is not required as a condition of copyright protection. Copyright protection is accorded upon the creation of all items within the following description: original literary, dramatic, musical or artistic works; sound recordings, films, broadcast and cable programs; and typographical arrangements of published works.²³ The Law suggests but does not require that published copies of copyrighted works be marked with the symbol c alongside the name of the owner and the date of publication.²⁴ A provision requiring the deposit of publications with libraries survives from the Copyright Act, 1911.²⁵ Section 15 of the statute requires the publisher of every book published in the United Kingdom to deliver a copy to the British Library Board (previously the British Museum) within one month of publication. Under 15(2) a publisher may also be asked by a written demand, made within twelve months of publication, to deliver a copy to the following libraries: Bodleian Library, Oxford, the University Library, Cambridge, the National Library of Scotland, the Library of Trinity College, Dublin and the National Library of Wales. Section 15(7) makes an individual failing to comply with the deposit provision liable on summary conviction to a fine payable to the library concerned and payment of the value of the book. According to Ms. Ann Clarke, Personal Assistant to Mr. Brian Lang, Chief Executive Officer of the British Library, London, the British Library is currently reviewing the deposit arrangement in order to determine whether it should be extended to non-book publications, such as CD-ROMs, computer discs, etc.²⁶

CANADA²⁷

Registration or deposit is not required as a condition of copyright protection. In Canada, copyright arises at the moment of creation. Registration is suggested because it provides prima facie proof that the work has copyright and because it assists in establishing entitlement to damages in actions for infringement.²⁸ The legislation establishing the National Library of Canada also establishes a mandatory deposit system.²⁹ Publishers are required to send to the National Librarian at least one free copy of every non-exempted "book" published in Canada within one week of its publication. In case of "books" that have a retail value in excess of Can\$50.00, the number of free copies that must be submitted is two.³⁰ The term "books," is defined to mean "library matter of every kind, nature and description and includes any document, paper, record, tape, or other thing published by a publisher, on or in which information is written, recorded, stored, or reproduced."³¹ The phrase "published in Canada" is also broadly defined to mean "released in Canada for public distribution or sale."³² The government has exempted the following classes from automatic deposit: newspapers; annual corporate reports; trade catalogues; blank books or account; forms, wrappers, and labels; calendars; wall sheets; coloring books; cartoons; microfilms; and educational kits.³³ The maximum penalty for failing to comply with the deposit requirements of the National Library Act is a fine of Can\$150.00.³⁴

AUSTRALIA³⁵

Registration or deposit is not required as a condition of copyright protection. Copyright is assumed provided the work is either signed or marked with the author's name.³⁶ The publisher of "any library materials" in Australia, in which copyright is held, must deliver one copy of the material to the National Library within one month of publication. The penalty for failure to deliver is a fine of A\$100. The National Librarian is required to give a written receipt for any materials delivered. Library materials include any book, periodical, newspaper, pamphlet, sheet of letter press, sheet of music, map, plan, chart or table, being a literary, dramatic, musical or artistic work or an edition of such a work. It does not include a second or later edition unless it contains alterations or additions.³⁷ The deposit requirement is contained in the national copyright law but is not connected to copyright registration. Deposit requirements apply only to works published in Australia or first published in other designated countries, generally those which are party to the Berne Convention.

JAPAN³⁸

Registration or deposit is not required as a condition of copyright protection.³⁹ The National Diet Library Law requires commercial publishers to deposit a complete copy of the best edition of a work with the National Diet Library within thirty days of its publication.⁴⁰ Commercial publications subject to deposit include: books, periodicals, microfilm, microfiche, maps, musical notes, video disks, records, CD-ROM, braille materials, etc. The Director of the National Diet Library (NDL) is obligated to give the depositor compensation equivalent to the expenses usually required for the printing and deposit of the publication. Failure to deposit the publication carries a fine equivalent to less than five times the retail price of the publication. The purpose of deposit is to contribute to the accumulation and utility of cultural goods.⁴¹ The 1990 Annual Report of the NDL stated that it is necessary to utilize deposited publications as widely as possible and to preserve them as national assets. Pointing out that the present statutory requirement for the deposit of one copy is not sufficient to meet the needs of preservation, the report indicated that it started from 1987 to maintain a collection of preserved publications selected from the deposited items as an effort to facilitate the adoption of the two-copy deposit system in the future.⁴² The mandatory deposit obligations are applicable to works first published in a foreign country that are also published in Japan within thirty days of their first publication. The mandatory deposit requirements are applicable to all foreign works that are published in Japan.

CHINA⁴⁰

Registration or deposit is not required as a condition of copyright protection.⁴⁰ No mention of mandatory deposit is found in the Copyright Law. According to an official of the National Library of China in Beijing, Chinese publishers are required to deposit three copies of publications.⁴⁰

SINGAPORE⁴¹

Registration or deposit is not required as a condition of copyright registration.⁴¹ The deposit of published works with the National Library of Singapore is mandated by the Printers and Publishers Act of Singapore, first promulgated in 1835, which currently requires 5 copies of every book printed or published in Singapore to be deposited with the Library.⁴¹ A "book" is defined as including every volume, part or division of a volume, report, pamphlet, periodical, newspaper, Government publication, sheet of letterpress, sheet of music, map, chart, plan or table, print, drawing and other graphic art forms, made available for sale or by unrestricted distribution free of charge. The definition expressly excludes legal documents, printed forms, trade circulars, timetables or other business documents.⁴¹ The National Library keeps 2 copies and disposes of the remaining copies as the Director thinks fit. The deposit requirement has been of major benefit in building up the collections of Singapore's National Library.⁴¹ The deposit requirement applies to works first published in another country and subsequently published or printed in Singapore.

INDIA⁴²

Registration or deposit is not required as a condition of copyright protection.⁴² The law provides for registration of a work in which copyright subsists as soon as the work is created and given a material form.⁴² However, registration is suggested because it raises a presumption of copyright in favor of the author or the work. Deposit is not a requirement of registration. The national library is not dependant on copyright deposits for acquisition of its collections. Though the Copyright Law does not make provisions for establishing a mandatory deposit requirement, the Parliament of India Library receives three copies of all materials printed in India.

MEXICO⁴³

Registration or deposit are not required as a condition of copyright protection, though registration with a deposit of three copies is recommended because registration creates the presumption of copyright.⁴³ The deposit of items at the time of registration applies to all kinds of work. There is a separate mandatory deposit requirement for publishers. The deposit Decree requires that all publishers in the country send to the National Library and to the Library of the Congress of the Union 2 copies of each of the editions of the books, periodicals and reviews which they publish with commercial objectives; authors who undertake the publication of their works with commercial objectives are also required to deliver the copies mentioned.⁴³ Publications distributed gratuitously are subject to the same rule, in so far as educational, didactic, technical or scientific works of general interest are concerned. The National Library and the Library of the Congress of the Union must, with due regularity, notify the Directorate of the Copyright of those cases where the author or the publisher has defaulted in fulfillment of the obligations specified in the decree. The publisher is then notified and given 30 days to comply with the deposit regulations before being fined.

COLOMBIA⁵⁷

Since 1982 when the new Copyright Law was enacted, registration or deposit has not been required as a condition for copyright protection.⁵⁸ Copyright derives from the intellectual creation itself. Registration formalities required by the Copyright Law only provide for a greater degree of legal security to the owners of copyright. The applicant for registration or entry is required to deposit 1 or more copies depending of the type of work in the National Copyright Registry. The work must be deposited within 60 days of publication. The editor may be fined with an amount equal to 10 times the value of each copy which was not deposited. Deposit is required for registration of any scientific, literary or artistic production which can be reproduced or represented by printing or any other form of reproduction by phonograph, radiotelephony, or any other means, either known or hereafter discovered.⁵⁹ Foreign and national works have the same mandatory deposit requirements, except those protected by international conventions or legislative reciprocity for which deposit is optional.

SOUTH AFRICA⁶⁰

Registration or deposit is not required as a condition for copyright protection.⁶¹ The only registry is for cinematograph films. Registration is voluntary.⁶² The Legal Deposit of Publications Act provides for the mandatory deposit of publications with the State Library, the Natal Society Library, the Bloemfontein Public Library, the Library of Parliament, and the South African Library which is the national library.⁶³ Publications mean: (a) a printed book, newspaper, magazine, periodical, journal, pamphlet, brochure, sheet, card or portion thereof or any other similar matter; (b) a replacement of a portion of, or an addition or addendum to, a publication referred to in paragraph (a); (c) a microfilm microcard, microfiche or any other micrographical reproduction of written word or of any mark, representation or depiction having meaning to any person.⁶⁴ Publishers are obligated to supply a copy of their publications within thirty days after beginning distribution. Publications that are produced outside the Republic are excluded from the mandatory deposit provided their publishers' main businesses are not in the republic or they are not intended to be sold only in the country. If the Minister of Education is of the opinion that a publisher, in supplying a specific publication to libraries may suffer serious financial hardship due to the high cost of that publication, he/she may grant an exception from mandatory deposit at all libraries except the national library. If a publisher fails to supply a copy of a publication to a legal deposit library within 30 days, the library may send a notice to the publisher demanding a copy of the publication. If the publication is not deposited within a specified period, the library may purchase the item and recover the cost from its publisher. The provisions of the Legal Deposit of Publications Act enriches the collections of depository libraries. It also provides for the protection of the deposited publications and helps to facilitate their use by ordering those libraries to accession, classify, catalogue, preserve and maintain them. The State Library also has the duty to compile and publish a bibliography of the publications deposited with it.⁶⁵ The Legal Deposit of Publications Act does not contain any provisions excluding works that are published first in other countries. Under the provisions of section 4, the mandatory deposit requirement does not apply to any foreign work unless: such a publication contains a publisher's imprint of a publisher who has his business in the Republic, or, if he also has such a business elsewhere, who has his main business in the republic; or the whole impression of such a publication is intended to be distributed sold or supplied in or mainly in the Republic, or in or mainly in the Republic and any country or territory adjoining the Republic.

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M E M O R A N D U M

Goldstein, Paul
July 8, 1883

TO: Barbara Ringer
Robert Wedgeworth

FROM: Paul Goldstein

DATE: 8 July 1993

RE: National Peregrine

I had originally hoped that the question of section 101 could be deferred until we had resolved the registration and deposit issues. The questions raised by National Peregrine are extraordinarily thorny and -- more important -- differ in kind and context from the issues we have so far been considering. Since, however, National Peregrine has emerged in recent Committee mailings as a topic for discussion, a few words may be in order.

For starters, it is by no means clear to me that section 101's drafters are correct in their evident assumption that the provision's effect would be to reverse National Peregrine. The reason, simply, is that the method adopted by section 101 -- adding "perfecting security interests" to the present four categories of unpreempted state laws -- falls short of both of the two, independent grounds for decision articulated in Judge Kozinski's Peregrine opinion.

The first independent ground for decision in Peregrine is that "[t]he comprehensive scope of the federal Copyright Act's recording provisions, along with the unique federal interests they implicate, support the view that federal law preempts state methods of perfecting security interests in copyrights and related accounts receivable."

The problem with section 101's attempt to reverse this preemptive result is that it is made within the context of §301, which deals only with rights equivalent to copyright, and not with orthogonal issues such as recordation. (Judge Kozinski addressed this point in footnote 6, where he explicitly rested preemption on general constitutional principles, rather than on §301(a).) To be sure, section 301(b)'s introductory sentence refers to "nothing in this title...", a phrasing that arguably extends the immunity from preemption not only to state law rights equivalent to copyright, but to any state rights that may affect mechanisms created elsewhere in Title 17. "Arguability," though, is hardly a criterion for sound legislation.

I would not press the point about section 101's effectiveness in immunizing state perfection rules from preemption if Judge Kozinski's decision did not also rest on a second, entirely independent ground, a ground that section 101 cannot even arguably be said to affect. Specifically, as a second ground for decision, Judge Kozinski relied on the "step back" provision of U.C.C. §9-104: "Article 9 does not apply '[t]o a security interest subject to any statute of the United States to the extent that such statute governs the rights of parties to and third parties affected by transactions in particular types of property.'"

To say, as section 101 would say, that nothing in Title 17 preempts state perfection rules -- including by definition the rules embodied in the U.C.C.'s "step back" provision -- entirely contradict's the bill's presumed object of restoring the efficacy of state U.C.C filings. Simply, to immunize the step back provision from preemption is to leave it, and Peregrine, in force.

If my analysis of section 101's shortcomings is correct, two questions need to be addressed. First, should Peregrine be reversed and, if so, what language will be effective to accomplish that end? Second, whether or not Peregrine should be reversed, what improvements, if any, should be made in the recordation mechanisms in the Copyright Office? These are important and difficult questions -- questions that I believe will consume more time than our Committee has available in this first phase of its deliberations. Also, good answers to these questions will probably require the insights of individuals and institutions that I do not believe are directly represented on our Committee -- specifically representatives from the institutional lender community.

I would propose that, if other members of the Committee share my concerns about section 101's technical shortcomings, this fact be promptly communicated to the House and Senate subcommittee staff with the suggestion that, if they agree with our assessment, they drop the provision from the bill and defer consideration of recordation-perfection mechanisms to a later date.

Please feel free to share these thoughts with the members of our Committee and, if you think it appropriate, with House and Senate subcommittee staff.

Best wishes.

POSSIBLE ALTERNATIVE INCENTIVES FOR
REGISTRATION AND DEPOSIT

Ringer, Barbara, and
Eric Schwartz
July 13, 1993

This is the bottom line of the first phase of our mandate. Assuming that sections 411(a) and 412 were to be repealed, the following might continue to induce registration in some cases:

- * Use in business, licensing, etc.
- * Desire for a certificate as proof of authorship, etc.
- * Continuing misapprehension that one must file to "obtain a copyright";
- * Use if foreign countries of certificate as proof of U.S. copyright protection;
- * Desire of certain authors (e.g., authors of unpublished works, independent filmmakers) for copies or records of their works to be preserved permanently in the national library.

If additional inducements need to be found, the possibilities appear to fall into three general categories:

- 1) Inducements in the current statute which could be strengthened;
- 2) Possible new inducements;
- 3) Possible changes in sections 411 (a) and 412.

1. Current Statutory Inducements Which Could be Strengthened

A. Section 205: Recordation of Transfer, etc.

Possibly tie registration more closely to requirements for recordation. For example:

- a) Make registration a requirement for any recordation purposes;
- b) Make registered claim prevail over unregistered claim in all cases of conflicting transfers.

B. Section 302(e): Presumption as to Author's Death

Possibly provide that the 302(e) presumption does not apply to copyrights that have been registered.

C. Section 407: Mandatory Deposit

Possibly restructure administration of Section 407. For example, amend the section --

- a) to require staff to identify on the basis of research works LC should be getting rather than waiting until LC asks for a demand;
- b) to provide for a legal staff devoted exclusively to the enforcement of section 407, making clear LC can sue in its own name rather than going through Justice;
- c) to make clear, explicitly, that LC should demand deposits whether copies bear notice or not, and withdraw the demand only if copyright is abandoned;
- d) strengthen penalties for noncompliance and recidivism.

D. Copyright Registration Generally

- a) Try to make what is asked of the claimant conform to what is actually needed for examination, cataloging, Library's collections or exchange needs;
- b) Possibly require special treatment of cases where registration and deposit requirements are very onerous and the Library currently receives nothing of value for its purpose;
- c) Possibly require special treatment of cases where deposit is very costly, rare, or unavailable;
- d) Possibly require identification of material of which LC only wants one copy and advance notification of claimants that one copy will satisfy deposit requirements;
- e) Expansion of negotiated arrangements with copyright owners such as the Motion Picture Agreement.

E. Section 410(a) Prima Facie Evidence

- a) Possibly amend statute to make clearer that certificate is prima facie evidence in all proceedings, not just judicial proceedings. (Question: Could this be made to reach beyond federal proceedings?)
- b) Possibly repeal five-year provisions (does it induce early registration or deter later registration?).

F. Section 503: Impounding and Disposition

Possibly require registration as a condition for this remedy.

G. Section 504: Actual Damages and Profits

- a) If registration has been made, possibly give court discretion to cumulate actual damages and profits, as was sometimes possible under the 1909 Act.
- b) Possibly give the court discretion to award triple damages/profits where infringement is willful and registration has been made.

H. Section 504(c): Statutory Damages

- a) Possibly increase minimum and maximum statutory damages substantially if the work was registered;
- b) Possibly give court discretion to triple the minimum and maximum where infringement was willful and registration has been made;
- c) Possibly forbid reduction of minimum award in cases of "innocent infringement" if registration made.

I. Section 505: Attorney's Fees

- a) Possibilities if plaintiff prevails and registration made:
 - i) Make attorney's fees mandatory;
 - ii) Require full recovery of actual attorney's fees;
 - iii) Allow court discretion to award plaintiff's expenses in duplicating transcripts, etc.

- b) Possibility if defendant prevails: no attorney's fees to defendant if work registered, unless claim was frivolous

J. Section 506: Criminal Penalties

Possibly require registration if criminal penalties are invoked.

K. Section 507: Statute of Limitations

Possibly increase the 3-year limitations (for both criminal proceedings and civil actions) if the work has been registered.

L. Section 603: Infringing Importation

Note: The regulations issued under section 603 already require registration as a condition of customs action against importation of piratical copies, but there may be a possibility of requiring registration as a condition for copyright proceedings before the Tariff Commission under the Omnibus Trade and Competitiveness Act.

2. Possible New Incentives

- a) Extend the length of the copyright term if the work is registered, or "establish an additional [5-year] public domain status for registered works, with owners sharing income with the government." Problems to consider:
 - i) Length of possible extension;
 - ii) Question of Berne Convention compliance;
 - iii) Question of retroactive effect.
- b) Consideration of suggestions for a "two-tier" registration system (e.g., the lower tier might involve a simplified application, reduced fee, less burdensome deposit requirements; upper tier might provide a more thorough examination, in exchange for evidentiary or other inducements;
- c) Possibly combine copyright registration with the applications and copies deposited in LC for the cataloging-in-publication (CIP) program;
- d) Possibly reduce the fee or reintroduce the free mailing privilege if registration made;

- e) Establish registration as a defense to claims of abandonment or estoppel;
- f) Give the owner of a registered copyright certain rights in the title of the work as against the owner of an unregistered copyright in a work of the same title;
- g) Give the bibliographic entries covering registered works more prominence in the Library of Congress's on-line services (such as LOCIS) than that given to unregistered works.

3. Possible Amendments to Existing Inducements to Registration and Deposit

- A. Section 411(a): Possibility of giving discretion court to require registration before action can proceed, but without loss of any rights or remedies;
- B. Section 412: Possibility of retaining provision but greatly liberalizing its impact (e.g., change the time periods, make it discretionary with court, make it inapplicable to unpublished works, make it inapplicable to claims by individual authors, withhold statutory damages or attorney's fees but not both, etc.).

WORKING PAPER #10

Koenigsberg, I. Fred, and
Nanette L. Stasko
July 30, 1993

MEMORANDUM TO ACCORD

re Court Uses of Registrations

Introduction

Under 17 U.S.C. § 410(c), a certificate of copyright registration is prima facie evidence of the validity of a copyright, and of the facts stated in the certificate, provided the registration is made before or within five years after the first publication of the work. The evidentiary weight to be given a certificate of registration made thereafter is within the discretion of the court.

The deference given by the judiciary to determinations by the Copyright Office, including the evidentiary effect of certificates of registration, depends upon the context in which the particular issues arise. For example, courts may cite the statutory language according a certificate prima facie validity when confronted with a challenge to the copyrightability of a registered work, but the effect of the certificate in such cases is merely procedural, shifting the burden of going forward on the issue of copyrightability from plaintiff copyright owner to defen-

dant. As a general rule, notwithstanding the issuance of a certificate, the courts conduct a de novo review of the issue without according the certificate significant substantive weight. See infra, § I. On the other hand, when presented with a challenge to the Register's refusal to register a work, courts generally defer to the Copyright Office's determination. See infra, § II. Finally, courts also defer to the expertise of the Register when discussing the legitimacy of the Register's interpretation of copyright law or issuance of regulations, but those matters do not deal with registration issues. See infra, § III.

I.

The Evidentiary Weight Actually Accorded
Certificates of Registration

Although 17 U.S.C. § 410(c) seems to demand that a certificate of registration be given great deference as prima facie evidence of the validity of the copyright, most courts do not hesitate to arrive at an independent determination of copyrightability. Because 17 U.S.C. § 411(a) requires that a work be registered as a prerequisite to an infringement suit, every case in which a claim of copyright infringement is rejected because the work is found not copyrightable or because some other factual statement in the certificate is contradicted also perforce rejects the Copyright Office's determination on that factual issue.

The cases show that the courts frequently give lip service to the prima facie evidentiary effect of the certificate, but then go on to make a de novo determination of the facts at issue. For example, in Durham Industries, Inc. v. Tomy Corp., the court noted that, under 17 U.S.C. § 410(c), a timely-obtained certificate of registration "constitute[d] prima facie evidence of the validity of the copyright." 630 F.2d 905, 908 (2d Cir. 1980). However, the court continued, the presumption is rebuttable and, when "other evidence casts doubt on the question, validity will not be assumed." Id. at 908.

The plaintiff in Durham sought a declaratory judgment that it had not violated the defendant's legal rights by marketing certain toys. Id. at 907. The defendant counterclaimed for copyright infringement. Id. The district court granted summary judgment for the plaintiff, dismissing the counterclaims. Id. at 908. The Second Circuit affirmed on appeal. Id. at 919.

The Second Circuit looked to the works in question and conducted a de novo review of copyrightability. Id. at 910. The court concluded that, for certain of the works, "the element of originality that is necessary to support a valid copyright is totally lacking" and thus disregarded the certificate of registration. Id. at 908-

909. For other works, the court upheld the determination of copyrightability. Id. at 913, 916.

Similarly, in Carol Barnhart Inc. v. Economy Cover Corp., the court noted that the prima facie threshold "merely orders the burden of proof." 773 F.2d 411, 414 (2d Cir. 1985) (quoting H.R. Rep. No. 1476, 94th Cong., 2d Sess. 157 (1976)). As in Durham, the Barnhart court advocated de novo review of copyrightability, asserting that once a party puts the certificate of registration into evidence and the other side responds, the court is then "in as good a position as the Copyright Office to decide the issue." 773 F.2d at 414.

In Masquerade Novelty Inc. v. Unique Industries, Inc., the Third Circuit reversed the finding of the district court that the plaintiff's "nose masks" in the form of animal noses were improperly registered because they were useful articles and the plaintiff had failed to inform the Register that the masks had a utilitarian function; the Third Circuit held that the works were copyrightable. 912 F.2d 663, 664 (3d Cir. 1990). But the court stated that "absent an indication from the Copyright Office as to why it registered the [work] . . . the only deference [a court should] give to the Copyright Office's expertise in questions of copyright law . . . is to place the burden on [the challenger to registration] to show that the articles are

not copyrightable." Id. at 669 n.7. Thus, the court implied that, without a more detailed explanation for its determination, the Copyright Office's issuance of a certificate of registration placed a relatively light burden on the defendant.

When a certificate of registration is issued more than five years after first publication of the work, a court has discretion over the evidentiary weight that it will accord the certificate. There is no discernable pattern to the weight given to the certificate in this circumstance. One court refused to give the certificate of registration prima facie weight when the work in question was published over six years before the registration was issued. Goldsmith v. Max, 213 U.S.P.Q. 1008 (S.D.N.Y. 1981). But, in a later case, the same court accorded the certificate of registration prima facie weight when the work may have been published well over five years before its registration. Telerate Sys., Inc. v. Caro, 689 F. Supp. 221 (S.D.N.Y. 1988).

In Goldsmith, after a bench trial on the issue of liability, the court entered judgment for the defendant and refused to uphold a registration issued over five years after first publication of the work. Goldsmith, 213 U.S.-P.Q. at 1014. The court determined that it would not afford the certificate much weight because the plaintiff

registered her photograph six to seven years after the date of first publication and because the plaintiff had not informed the Copyright Office that the work had already been published at the time of registration. Id. at 1012-14.

In Telerate, the defendant challenged the validity of the plaintiff's certificate, arguing that it could not be given weight as prima facie evidence because the plaintiff had been in business for fifteen years before the date of its registration certificate. Id. at 227. The court dismissed defendant's allegations as "mere[] conjecture." Id. Because the defendant "failed to disprove" the facts stated in the registration certificate, namely the date of publication, the court found that the plaintiff "had established a prima facie case of copyright ownership." Id.

In sum, as a general rule, the burden imposed on the defendant by introduction of a certificate of registration appears light. More significantly, as a matter of substance, the courts do not hesitate to make a de novo review on the issues such as copyrightability, notwithstanding the Copyright Office's determination on the very same issues.

II.

The Deference Given to the Register's Refusal to Register a Work

A second area in which the Copyright Office's determination regarding registration has been reviewed by the courts involves the Register's refusal to register. Such refusals are very difficult to overturn. As Professor Nimmer notes, "from a strictly statistical viewpoint, such litigation is far from productive for unsuccessful applicants -- it has been said that from 1941 until 1989, no court 'reversed a decision by the Register to deny an initial application for a copyright.' Atari Games Corp. v. Oman, 888 F.2d 878, 890 (D.C. Cir. 1989) (Silberman, J., concurring)." 2 Nimmer on Copyright, § 7.21[B], n. 18.7 (1992). Another commentator has noted that:

Of the thirteen reported cases in which a disappointed copyright applicant sued the Register of Copyrights to compel registration, either under the current Administrative Procedure Act, or under the former procedure of mandamus, only four of the copyright owners had any measure of success. The vast majority of cases were resolved in favor of the Register, usually by way of summary judgment.

Haynie, So the Copyright Office Has Refused to Register Your Claim -- What Does It Mean and What Can You Do About It?, 21 Am Intell. Prop. L. Ass'n Q.J. 70, 79 (1993).

Courts have generally acknowledged the expertise of the Copyright Office and have applied an "abuse of discretion" standard of review when reviewing the Register's denial of registration. For instance, in Norris Industries Inc. v. International Telephone and Telegraph Corp., the Eleventh Circuit noted that "the district court properly gave some deference to the Register in its decision [to reject the copyright application]." 696 F.2d 918, 922 (11th Cir. 1983), reh'g denied, 703 F.2d 582, cert. denied, 464 U.S. 818. In Norris, one of the plaintiff's applications for copyright registration of automobile wheel covers had been denied four times and never accepted for registration and another application was rejected twice before the registration was granted. Id. at 919. At the district court level, the Register, who had been named as a defendant, argued that all of the plaintiff's works were merely useful articles and thus were not copyrightable, in view of post-registration case law. Id. at 922. The district court had agreed and granted summary judgment to the defendant. Id. The Eleventh Circuit affirmed because the Copyright Office has "expertise in the interpretation of the law and its application to the facts presented by the copyright application" and because the Register's opinion did not reveal an abuse of discretion. Id.

The district court in Gemveto Jewelry Co. v. Jeff Cooper Inc. similarly deferred to the Register's expertise, stating that a party has a heavy burden in attempting to overcome a determination of the Copyright Office's refusal to register, as its determinations are "entitled to considerable weight." 568 F. Supp. 319, 329 (S.D.N.Y. 1983). In Gemveto, two applications, filed eight months apart, had been rejected by the Register. Id. The court found the fact that the application had been twice refused for the same reasons to be of especial importance in according deference to the refusals. Id. at 331. The Gemveto court thus dismissed plaintiff's infringement claim. Id. at 331. See also OddzOn Products, Inc. v. Oman, 924 F.2d 346, 350 (D.C. Cir. 1991) (without ruling on copyrightability, Judge Ginsburg found that the Office's refusal to register plaintiff's work was not an abuse of discretion); Homer Laughlin China Co. v. Oman, 22 U.S.P.Q.-2d 1074, 1075 (D.D.C. 1991) (after noting the "significant degree of deference that the Office is entitled to," the court upheld the Register's refusal to register china pattern for lack of creativity); Jon Woods Fashions, Inc. v. Curran, 1988 Copyright L. Dec. (CCH) ¶ 26,264 (S.D.N.Y. 1988) (granting summary judgment to Register for refusal to register work that had been presented for registration twice).

However, the general rule was not followed in the most recent case addressing a refusal to register, Atari Games Corporation v. Oman, 979 F.2d 242 (D.C. Cir. 1992). There, deference given to the Copyright Office in previous cases is lacking. Although Judge Ginsburg noted that a court "only" tests the Register's dispositions by an abuse of discretion standard, she questioned the Register's ability to ascertain creativity and apply the appropriate standards in that determination. Id. at 245-46 (commenting that the Register paid "scant attention to whether any creativity [was] displayed" in the work as a whole). Judge Ginsburg thus reversed the district court's approval of the Register's second refusal to register the video game and remanded the case with instructions for the Register to renew consideration of the application consistent with the court's opinion. Id. at 246.

One commentator has noted that Atari represents the only successful attempt to overturn the Register's determination to refuse registration on creativity grounds. Haynie, supra, at 82. But, whether it represents any kind of trend in that direction is questionable. Even the author of the Atari opinion, Judge Ginsburg, "revealed her even-handedness toward the Copyright Office in another case where she sided with the Register's refusal to register a copyright claim to a soft-sculpture 'Koosh'ball". Supreme

Court: Nominee Ruth Ginsburg Authored Several Key Intellectual Property Decisions, 46 Pat. Trademark & Copyright J. 163-64 (June 17, 1993) (referring to Judge Ginsburg's opinion in OddzOn Products Inc. v. Oman, 924 F.2d 346 (D.C. Cir. 1991)).

As a general rule, then, the courts seem to give greater deference to the Copyright Office's negative determination of copyrightability evinced by a refusal to register than they do to the Office's substantively positive determination of copyrightability evinced by the issuance of a certificate of registration.

III.

Deference Accorded the Register's Ability to Interpret Copyright Laws

Other cases that defer to the determinations of the Copyright Office address the Register's ability to interpret the copyright laws. Several courts have noted that the Copyright Office has expertise in interpreting the copyright laws and is charged to do so by Congress. See, e.g., Marascalco v. Fantasy, Inc., 953 F.2d 469, 473 (9th Cir. 1991), (noting that "courts should generally defer to Register's interpretation of the copyright statute" but observing that there was no relevant interpretation of the issue in question), cert. denied, 112 S. Ct. 1997 (1992); Cablevision Sys. Dev. Co. v. Motion Picture Ass'n of Amer-

ica, Inc., 836 F.2d 599, 608 (D.C. Cir. 1988) (holding that the Register has the authority and expertise to interpret the laws and that the interpretations are entitled to deference by the judiciary); Esquire Inc. v. Ringer, 591 F.2d 796, 801 (D.C. Cir. 1978), cert. denied, 440 U.S. 908, reh'g denied, 441 U.S. 917 (1979) (stating that a court, after finding that the Register's interpretation of a particular copyright statute was consistent and reflected administrative expertise, should give the interpretation "considerable weight" unless it was clearly erroneous); Eltra Corp. v. Ringer, 579 F.2d 294, 298-301 (4th Cir. 1978) (holding as constitutional the power of the Copyright Office to perform legislative and executive functions). But cf. Bartok v. Boosey & Hawkes, Inc., 523 F.2d 941, 946 (2d Cir. 1975) (reversing lower court for its reliance on Register's definition of "posthumous" because Register had no authority to define legal terms).

These cases, of course, do not involve questions of registration, and so do not impact on the question of possible abolition of 17 U.S.C. §§ 411(a) and 412.

I. Fred Koenigsberg
Nanette L. Stasko

WORKING PAPER #11

TO: Members of the ACCORD

**Ringer, Barbara, and
Eric Schwartz**

FROM: Barbara Ringer

August 2, 1993

Comments & Suggestions Concerning a
System of Legal Deposit for the
Library of Congress

I am writing this memorandum as a member of ACCORD and not as Co-chair. At our meeting on July 13, Bob Wedgeworth made an intervention in which he said that the issues of copyright registration (including deposit and the making of a copyright record) and deposit of material for the collections of the Library of Congress are two different but closely-related things. He felt that we cannot adequately study alternative incentives to sections 411(a) and 412 without also studying section 407 and how it works now or could be made to work better. (I'm attaching a lightly-edited transcript of his remarks as Tab A).

Bob recommended that we undertake some in-depth studies of issues specifically raised by section 407 immediately. I agree with everything he said except the immediately. Our resources are spread very thin and the immediate time constraints on us to deal with sections 411 and 412 are overwhelming.

After considering the later ACCORD discussion of section 407 on July 13 in the context of alternatives to 411 and 412, the Oakley-Diner-Fern paper (No. 1), some scholarly writings about section 407 and legal deposit systems throughout the rest of the world, and after some discussions inside and outside the Library of

Congress and a good deal of thought, I've reached two conclusions about this:

- (1) In-depth studies of legal deposit, divorced from copyright, are essential but cannot be undertaken between now and September 1; and
- (2) Right now we need to stimulate some thinking about ways a system of legal deposit for the Library of Congress could be instituted or restructured, as a complement or partial substitute for copyright deposit.

Obviously we can't reach conclusions about 407 now and do the studies later. But I think at our next meeting we might be able to get a general idea where legal deposit for the Library is headed, and plug this into our thinking about 411 and 412. With this in mind, I decided to put some of my preliminary thoughts down on paper.

There is a tendency on the part of some people in the Library of Congress to look on the section 407 type of mandatory deposit as fundamentally unworkable and to dismiss it as nothing more than a minor adjunct to LC's acquisitions resources. I don't share that view any longer. I agree that voluntary, induced deposit for copyright registration, together with gifts (for preservation, charitable purposes, etc.), exchanges, and purchase, should remain the principal sources of collection development. I also agree that mandatory deposit will not support huge and important special

collections traditionally built upon deposits for copyright registration, notably unpublished materials and motion pictures. I am also increasingly impressed with the extreme delicacy of exercising any kind of demand power with respect to foreign works because of the problems it presents with respect to trade negotiations concerning copyright and other intellectual property, and the danger of various forms of retaliation by other countries that could cost the Library and the United States a good deal more than they might gain. At the same time, I am convinced that a system of mandatory deposit under an amended section 407, if carefully established and energetically administered, could be a tremendous addition to the Library's collections resources.

It now seems clear that section 407, as amended in 1988, raises legal, and perhaps constitutional, problems, and that, in practice, it is not working as effectively as it could. As I see it we have two tasks here:

First, to consider alternative means for making a system of mandatory deposit for the Library of Congress as legally effective and constitutionally invulnerable as possible;

Second, to consider the statutory, structural, and administrative changes that would be necessary to make a system of mandatory deposit in the United States as fully effective as the best of the systems in effect in other countries.

PART ONE: LEGAL PROBLEMS

In addressing the first of these tasks, we need to review how 407 came to be enacted in 1976 and the legal effect of the change in 1988.

Under the old 1909 law, as interpreted thirty years later by the Supreme Court in the 1939 Washingtonian case, registration and deposit for the Library of Congress were really optional during the first 28-year copyright term: they were mandatory only if the copyright owner wanted to bring an infringement suit or if the Register of Copyrights made a formal demand -- in which case failure to comply could result in forfeiture of copyright. However, because the law was so unclear, there was a general feeling before 1939 that registration and deposit were probably mandatory. After 1939 there was uneasiness and inertia; people kept on registering and depositing, and there seemed to be a reluctance to accept that the Supreme Court opinion really meant what it said.

The 1976 Act went part of the way in softening the harsh formal requirements of the old law, especially with respect to notice and place of manufacture. As under Washingtonian, copyright deposit and registration were made voluntary but, as we well know, were strongly induced by section 412 and perhaps by section 411(a). However, and this should be stressed, there was genuine concern in 1976 about the potential effect of the statutory changes on the collections of the Library of Congress. Section 407 was intended to operate as a kind of fall-back, to allow the Library to make up

for any losses to its collections under the new law. Unlike mandatory deposit for copyright purposes under the old law, it established mandatory deposit for the benefit of the Library, along the lines of *depôt légal* systems in effect in the great majority of other countries.

The 1976 Act supposedly separated mandatory deposit for the Library from voluntary registration and deposit for copyright purposes: in section 407 it established a legal obligation on owners of works published with copyright notice to deposit copies whether they made copyright registration or not, enforceable by demand and penalties but not loss of copyright. Section 407 was intended to complement voluntary copyright registration by giving the Library a way to obtain material needed for its collections and otherwise unobtainable under a voluntary copyright registration system. It was also intended to induce copyright registration and deposit by allowing the material deposited under 407 to be used for a copyright deposit.

Section 407(a) declares: "Neither the deposit requirements of this subsection nor the acquisition provisions of subsection (e) are conditions of copyright protection." However, even though mandatory deposit was supposed to be independent of copyright registration and deposit, the 1976 Act preserved strong ties between the two: (1) demand could only be made for works published with a copyright notice; (2) demand could only be made upon the "owner of copyright or of the exclusive right of publication in a

work published in the United States"; (3) the statute gives the Register of Copyrights regulatory and administrative control over section 407 (although this has become fuzzy and may have been breached to some extent in practice); (4) the basic deposit requirements of section 407 are intentionally the same as the basic deposit requirements for copyright registration under section 408; and (5) section 408 provides: "Copies or phonorecords deposited for the Library of Congress under section 407 may be used to satisfy the deposit provisions of this section, if they are accompanied by the prescribed application and fee, and by any additional identifying material that the Register may, by regulation, require."

The constitutionality of section 407 as it existed between 1978 and 1988 was litigated in 1985 in Ladd v. Law and Technology Press. (The appellate court's opinion is attached to this paper as Tab B.) The Ninth Circuit Court of Appeals affirmed the District Court's decision holding section 407 and the Register's demand constitutional in the face of three challenges: (1) that the deposit requirement is not "necessary and proper" under Article I, section 8, clause 18; (2) that the deposit requirement is a taking of private property for public use without just compensation and thus violates the Fifth Amendment and (3) that the deposit requirement violates the First Amendment by burdening material protected by the guarantees of freedom of speech and expression. The court ruled for the Register on all issues, holding among other

things that mandatory deposit is "necessary and proper" because it carries out the broad purposes of the Copyright Clause (article I, section 8, clause 8), and that it is not an unconstitutional taking under the Fifth Amendment because "it validly conditions the enjoyment of copyright."

On October 31, 1988, (effective March 1, 1989) Congress passed the Berne Implementation Act, which repealed the requirement of publication with copyright notice as a condition of copyright protection, and added what was thought of as a consequential amendment of section 407: the requirement of mandatory deposit, which had previously applied to "a work published with notice of copyright in the United States" was broadened to cover "a work published in the United States."

This seems to have created a Catch-22 situation. Among the grounds for upholding the constitutionality of section 407 in the Ladd case was that, despite the statutory declaration that the requirements "are not conditions of copyright protection," the pre-1988 provision applied only to works published with copyright notice; this meant that the copyright owner was voluntarily and affirmatively taking advantage of a statutory benefit. Thus, the statute provided a quid pro quo and kept the demand from being an unconstitutional taking without just compensation or a violation of the First Amendment. By removing the reference to notice the 1988 amendment may again raise the specter of unconstitutionality.

Since March 1, 1989, every "original work of authorship" in the world is protected by U.S. federal statutory copyright, whether unpublished or published, and, if published, whether published with notice or not, except for : (1) works that have fallen into the public domain because of age or failure to comply with formalities in earlier laws; and (2) special categories of works (e.g., United States government works; foreign works not covered by a treaty). There are now millions of owners of United States copyrights, but among them there must be a large proportion who know nothing of copyright law and have no interest in asserting their rights. Yet if their works are published in the United States they are subject to demand for mandatory deposit under section 407. When the copyright owner has done nothing (such as placing a notice on the work) to claim the benefit of copyright, is there still the quid pro quo demanded by the Ladd decision to keep mandatory deposit from being a taking for public use without just compensation under the Fifth Amendment or a violation of the First Amendment?

We note first that the Ninth Circuit decision provides solid footing for mandatory deposit under the "necessary and proper clause" which, expanding on the constitutional mandate to "promote science and useful arts," fully supports sustaining the national library. The court in Ladd says:

Press argues that the library deposit requirement is not necessary and proper to carry out the Copyright Clause and is invalid. Press contends

that the Copyright Clause gives Congress the power to advance the arts and sciences *only* by granting copyrights and patents. However, Press cites no authority for this proposition² While no case has directly addressed whether the library deposit is necessary and proper to the Copyright Clause, there is abundant authority that the primary purpose of the clause is to promote the arts and sciences for the public good, not to grant an economic benefit to authors and inventors. *E.g.*, *Sony Corp of America v. Universal City Studios, Inc.*, 464 U.S. 417, 104 S.Ct 774, 78 L.Ed.2d 574 (1984); *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 576-77, 97 S.Ct 2849, 2857-58, 53 L.Ed.2d 965 (1977); *Schnapper v. Foley*, 667 F.2d 102, 111 (D.C.Cir.1981) (quoting 1 M. Nimmer, *Nimmer on Copyright* § 1.03[B] (1981), to the effect that the first phrase of the Copyright Clause expands rather

² Press does quote *In re Cooper* 254 F.2d 611, 616 (C.C.P.A.), *cert. denied*, 358 U.S. 840, 79 S.Ct. 63, 3 L.Ed.2d 75 (1958), as authority for this limiting construction of the Copyright Clause: "Article I, Section 8, eighth clause, of the Constitution, ... does no more than grant power to Congress to secure certain rights so authors and inventors insofar as it elects to do so." Read in context, however, the *Cooper* language quoted does not state a limit on Congress' power, but states that the Copyright Clause conveys no rights to authors or inventors unless Congress elects to execute the clause. *id.* at 616-17.

than limits congressional authority in the area), cert. denied, 455 U.S. 948, 102 S.Ct. 1448, 71 L.Ed.2d 661 (1982); *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 543-44 (2d Cir.), cert. denied, 379 U.S. 822, 85 S.Ct. 46, 13 L.Ed.2d 33 (1964). Moreover, long-established principles of constitutional construction make clear that the lack of express constitutional authority for the deposit requirement does not preclude its validity and that the necessary and proper clause should be liberally construed. See *The Legal Tender Cases*, 79 U.S. (12 Wall.) 457, 533-39, 20 L.Ed. 287 (1872) (in construing range of "necessary and proper" clause, look to purposes of enumerated powers, not solely to express words of powers); *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 404-21, 4 L.Ed. 579 (1819) (mandating an expansive construction of the "necessary and proper" clause as essential to the functioning of a national government). Thus, a provision of the Copyright Act which sustains a national library for the public use is necessary and proper. We further note that the Supreme Court, albeit in passing, has recognized without questioning its constitutionality that the deposit requirement's purpose is to enforce contributions

of desirable books to the Library of Congress. See *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 41, 59 S.Ct. 397, 402, 83 L.Ed. 470 (1939) (delay in copyright deposit and registration does not invalidate copyright); see also *National Conference of Bar Examiners v. Multistate Legal Studies, Inc.*, 692 F.2d 478, 485-86 (7th Cir. 1982) (copyright regulation allowing deposit of excised portion of testing materials valid), *cert. denied*, - U.S. -, 114 S.Ct. 69, 78 L.Ed.2d 83 (1983).

If section 407 became constitutionally vulnerable following the 1988 amendment, it may be because of the argument (quoting the Ladd opinion) that "the requirement that a copyright owner give two copies of his work to the Library of Congress is a taking of private property for public use without just compensation and violates the fifth amendment." The Ladd decision declared that "there is no question but that the materials are private property and that deposit with the Library is for a public use." In its pre-1988 ruling the court accepted the argument of the Register of Copyrights --

...that the deposit rule is not a taking. Rather, it is a condition which Congress may legitimately attach to the grant of a benefit. By voluntarily choosing to avail itself of the benefit, Press has accepted the condition of deposit. (emphasis supplied)

Starting from the premise that "Congress indubitably can place conditions on the grant of a statutory benefit," the Court rejected three arguments advanced by the defendant to the effect that "the deposit requirement is not a valid condition."

First, that "cases validating conditions have addressed conditions relating to the benefit sought" -- that is, "the current deposit is not for copyright identification purposes." Rejecting this argument, the court held:

The Copyright Clause grants copyright protection for the purpose of promoting the public interest in the arts and sciences. Conditioning copyrights on a contribution to the Library of Congress furthers this overall propose.

The principal authority for this conclusion was the Supreme Court's decision in Ruckelshaus v. Monsanto Co. (1984), which, it said, established a "less stringent test for a valid condition": "All that the Court explicitly required was that the party be aware of the condition and that the condition be rationally related to a government interest." (emphasis supplied)

Second, that "under the 1976 revision, the deposit requirement by its own terms is no longer a condition of copyright." The court disposed of this argument on the ground that "a complete reading of section 407 reveals

that deposit is indeed still required of one obtaining a copyright, although protection of the copyright laws is not lost by failure to comply." (emphasis supplied)

Third, that a line of Supreme Court cases dealing with patents prohibits mandatory deposit for the Library of Congress. The court distinguished this authority on two grounds: (1) "in none of these cases did the government act pursuant to any statutory scheme making government use a condition of patentability"; (2) "the government was not acting as a sovereign to further the public welfare by promoting arts and sciences," but was simply appropriating "the patented device for a proprietary purpose."

The 1988 amendment made mandatory deposit applicable to all works published in the United States, not just those published with copyright notice. Did this destroy an essential underpinning of the constitutionality of section 407 under the Fifth Amendment: that the potential depositor must have voluntarily chosen to avail itself of the benefit of copyright and that the depositor must have been aware of the condition of mandatory deposit? Concerns have been expressed that the potential depositor's only voluntary, affirmative act is to publish in the United States, an act which, as the court in Ladd noted, the first Amendment precludes the government from singling out for a tax or other burden. The court

in Ladd rejected a First Amendment challenge to mandatory deposit because, under the pre-1988 statute --

Deposit is not triggered by the publication of ideas. It comes into play only if the publisher voluntarily seeks the statutory benefit of copyright.

This may not be the case under the current statute. Thus, it appears that, if the current statute has a Fifth Amendment "taking" problem, then it also has a First Amendment problem to exactly the same extent.

Responding to these concerns the Copyright Office has adopted practices under section 407 which are defensible under the circumstances but are unsatisfactory as an ultimate solution to the problem. There seem to be some confusion and differences of opinion as to the present administrative policy. However, as I understand it:

- 1) If the work is known to have been published in the United States with copyright notice, the Office will go all the way with the demand;"
- 2) If the work is known to have been published in the United States without notice, or if that fact emerges

* Kent Dunlap's memorandum of August 2, 1993 (attached as TAB C) takes issue with these statements, but this is what I was told.

** It is not clear what happens if the work was published with copyright notice and the owner abandons copyright. Presumably the Office will drop the matter.

after the demand procedure has been started, the Office will pursue the procedure up to a point, but will not institute legal proceedings.

3) If the work was published without notice and the owner disclaims any intention of enforcing copyright protection, the Office will forthwith drop the whole matter.

The problems here are obvious. The 1988 Act repealed all notice requirements (though use of notice is still permitted and mildly encouraged), but the Office is still using notice as the significant dividing line between cases where it will bring suite under section 407 and those where it won't. This policy has apparently not been announced publicly, or at least has not been publicized. It may be unfair to potential depositors -- both the depositors of works published with notice who are being discriminated against in a way, and the depositors of works published without notice who are, in effect, being threatened with legal action without being told that the threat is hollow. It is also unfair to the Library of Congress, which supposedly has the legal right to obtain copies of works published without notice but cannot enforce its right. As time goes on it seems likely that the voluntary use of the copyright notice on published works will decline, leaving the Library in a worse position under section 407 than it was before 1988.

All this presents another problem. The practice of determining whether someone intends to enforce copyright protection for a work, and dropping the demand proceedings if the answer is no -- even if it strengthens the constitutionality of the section -- might be said to violate the Berne Convention's prohibition against formalities insofar as its applied to Berne Union works. If, in effect, a person is forced to abandon a copyright in order to avoid depositing, then, conversely, that person is forced to deposit in order to avoid abandoning.

What all this suggests is that full-scale studies of the requirements of the Constitution and the Berne Convention, aimed at both legislative and administrative changes, should be undertaken without delay. Meanwhile, in terms of present administrative practice, the following are alternative changes that might be considered:

- 1) Drop the distinction between works published with notice and those not, and pursue all cases of refusal unless the prospective depositor declares -- not that it is abandoning its copyright -- but that it has no present interest in or intention of enforcing it;

- 2) Drop the notice distinction and pursue all cases of refusal unless the prospective depositor volunteers, without being asked or prompted, that it has no interest in claiming or enforcing copyright;

3) Pursue all cases of refusal unless the work is a Berne Convention work.

Whatever policy is adopted for the present it should be applied consistently and announced publicly. In considering possible future changes there are two propositions that should be borne in mind:

First: Critical to the constitutionality of section 407 under the Fifth Amendment is the benefit of copyright under the opening phrase of Article 1, section 8, clause 8. It would be a serious, perhaps fatal, mistake to divorce mandatory deposit for the Library of Congress from the overall copyright system. However, to bolster the "benefit conferred" argument in cases where the depositor has no interest in copyright protection, the Library should strengthen and formalize the entry of information about all works deposited under section 407 in a national database. Having information about a work available on line from the Library of Congress can be a valuable asset in business, licensing, and various non-monetary endeavors. This, coupled with automatic copyright protection, would probably be enough to provide a quid pro quo in exchange for the taking of private property under section 407. Another possible quid pro quo might conceivably be to provide a tax benefit (credit

or deduction) for deposits, and we have undertaken a preliminary study of this.

Second, one way out of the dilemma presented by the Berne Convention's prohibition against deposit as a condition of copyright protection would be to refrain from demanding or enforcing section 407 against non-U.S. Berne works, even if published in U.S. editions, as a matter of administrative practice. A surer, though unattractive, way would be to write the practice into law, in effect creating another two-tier provision under which the demand provision of section 407 would be made inapplicable to Berne works.

PART TWO: MAKING LEGAL DEPOSIT EFFECTIVE

Assuming that the constitutional and legal problems can be surmounted and that administration of section 407 in some form or other can be firmly seated in the Copyright Office, in the Library of Congress, or both, there are some fundamental questions to be answered. Should mandatory deposit continue to be a mere complementary adjunct to copyright registration and deposit? Or should it become a major (or eventually the major) source of acquisitions for the general and special collections of the Library of Congress? And for the special collections of other federal and non-federal research libraries as well?

My own feeling is that the Library of Congress is now missing a wonderful opportunity, and that the wise investment of time, money, and staff now being devoted to less productive work would pay enormous dividends, and not just in the acquisition of artifacts.

The following sketchy, random, and in some cases probably cockeyed ideas are intended to get us thinking about all this, with the hope that ACCORD can make specific recommendations to the Librarian somewhere along the line.

- 1) Establish databases of U.S. publishers and disseminators of all types of material LC collects or would like to collect. (I'm sure these exist, but they would need to be brought together and coordinated)

- 2) Working from these databases (or a single coordinated database) and the automated records of

copyright registration, determine: 1) those publishers/ disseminators who are not depositing for registration; and 2) among those, the publishers/ disseminators whose works the Library feels should be included in its collections. Establish a system for keeping these data up to date. Establish target priorities for contacting potential depositors.

3) Work out a full-scale, phased educational program to inform potential depositors of their legal obligations (and their obligations as citizens), and the (possible) advantages to them to complying voluntarily and automatically, without demand. Provide software to show the response in each case (e.g. deposits; correspondence; initial deposits and then nothing; deposits of only some works; no deposits). Follow through in every case.

4) Set up a permanent interdepartmental structure within the Library under which every general and special collection (including the copyright deposit collection) is surveyed regularly and in detail, to determine: 1) lacunae that could be filled under section 407; 2) dross that could be shared with other libraries rather than pulped. Require regular reports on the work of this body to the Librarian and the Congress. Keep full and accurate statistics.

5) Initiate and participate actively in setting up a nationwide consultative body consisting of representatives of other libraries, information suppliers, and copyright owners, aimed at setting up a voluntary, cooperative system of sharing copyright and 407 deposit copies, trading them for other material, setting up a nationwide digital network showing what is available and, after negotiated copyright licenses have been worked out fully and in detail, actually transferring works electronically. Before doing any mass pulping or otherwise destroying deposits, publicize their availability to other research facilities and work out efficient procedures for gift or exchange.

6) Work out fully rationalized policies for demanding deposits, and make the practices conform to the policies. (Some of these policies should apply normally to voluntary deposits for copyright registration). For example:

a) Do everything possible to induce voluntary deposit, with demand, within the three-month period provided by section 407, but work individually with depositors to avoid their sending material that will not be used for LC or other research collections or exchange.

b) After the three-month period, never knowingly demand materials the Library of Congress or other depository libraries do not want and will not keep.

c) Where time of deposit is a major factor in either the Library's or the depositor's concerns (newsletters are good examples), try to negotiate an agreement under which these concerns are met. For instance, depositor could agree to make early deposit which could be used to meet immediate reader demand as well as permanent scholarly and archival uses; in return LC could agree to prevent mechanical reproduction for a stated period and could also agree to pay for a certain number of additional subscriptions.

d) Where the making of deposits is exceptionally difficult or burdensome for any of a variety of reasons (e.g., monetary value, physical characteristics, need for secrecy, need for measures assuring that deposit will not impair depositor's market; lack of multiple copies to deposit, etc.), LC should negotiate individually with the depositor. (The motion picture agreement, though badly out of date and inapplicable to television and most other types of works, does provide a precedent, and there

are now on-going negotiations with producers of optical disks.)

e) With respect to foreign works LC should rely primarily on persuasion and bargaining for exchanges with foreign libraries rather than the demand power. Aside from the Berne Convention problems discussed above, the disastrous effect of aggressive demands in this area on foreign trade negotiations, together with the very real threat of retaliation and the general bad will these activities generate, hardly make the game worth the candle. Particular outrage has been directed at demands based, not on publication of an American edition, but on the existence of individual American subscriptions to periodicals and individual American imports of foreign editions.

7) Work out a detailed procedure for cataloging mandatory deposits under section 407, keeping complete statistics on their receipt and disposition (within LC or elsewhere), and assessing their monetary value. The cataloging in this area should be rudimentary and not related to copyright as such, but it should enable the public to identify the work and its author and publisher/distributor, and provide an address or number where inquires could be directed. These records should

be compiled separately and put on-line as soon as possible, without a lot of caressing. The depositor would not be required to do or pay anything for this service, but in many cases it would be of substantial commercial or psychic value to the depositor and, as noted above, could serve as part of the needed constitutional quid pro quo. In a way it could serve as the lower tier of the possible two-tier registration system that has been discussed sporadically since the days of David Ladd. Deposit and copyright registration would continue to provide an examination process and full information to the public, prima facie evidence, and the inducements we are discussing in connection with sections 411 and 412; it would continue to require an application and fee. Mandatory deposit would provide a simple bibliographic record without application and fee. I think this is something to consider.

8) The Library of Congress, in conjunction with other film, radio, and television archives, copyright owners, and scholars in the field of mass media, should reactivate the authority given to it under section 407(e) and section 113 of the Transitional and Supplementary Provisions in the 1976 Act. That these enormously powerful and valuable provisions have been allowed to atrophy can be called a tragedy, but it is not too late

to obey the Congressional mandate for the future. At the very least, a detailed program for implementing the provisions should worked out, with the hope of funding for a pilot project in the near future.

9) One of the main defects of section 407 as it now exists is the difficulty of getting the Justice Department to do its thing. Apparently months go by and there is much palaver. One way out of this, which should be explored, is to empower the Copyright Office to sue in the name of the Register of Copyrights, and direct the Office to establish an enforcement authority staffed by its own attorneys. Legislation in this area is badly needed, but on reflection I would be cautious about increasing the penalties. If section 407 could be administered efficiently and effectively, perhaps along the lines I've sketched here, I think the need for formal demands (what people in the Library call "claiming") and litigation would be greatly diminished.

A

ACCORD PARTIAL TRANSCRIPT -- July 13, 1993

Wedgeworth: We have one other paper which was prepared for this meeting. Unfortunately Professor Oakley is not available to present it to the group. Before we move on to the discussion of alternative inducements to register -- which I sense that many of you want to discuss before you reach conclusions on this section, I thought I would make a few comments about that paper and a few remarks of my own.

You've received Professor Oakley's paper: Work Paper Number One. Professor Oakley outlines the historical background to mandatory deposit. He makes it clear that a number of countries had legal deposit prior to the United States. It was the U.S. unique approach of combining mandatory deposit with copyright that has been in existence since the first copyright law of 1790. He goes on to point out that, ever since the creation of the Copyright Office, about half of the receipts of the Copyright Office for deposit has been transferred for the inclusion in the Library of Congress' collection. The importance of these deposits is found not only in the materials themselves -- which create the world's most comprehensive and richest research library collection -- but also in the records that are maintained about those deposits for purposes directly related to copyright and, by example of the National Peregrine case, for purposes that even exceed the purposes of copyright.

Mandatory deposit further is presented by Professor Oakley and his colleagues as an essential feature of the Library of Congress in noting that between 1990 and 1992, almost 41% of the items added to the Library of Congress' collection came from copyright deposits. He also make some preliminary estimates as to what it would cost to replace by purchase those items if they were not available by deposit.

We think that we need to do some further work to develop this particular line of inquiry. Still to do, as Eric outlined yesterday, is that we need some additional analysis of the scope and operation of the demand power under the current statute and regulations. We want to get some understanding of compliance with 407 where a formal demand is not made. We have the information that's been developed by Kathy Donnegan on non-compliance. We also want some information on the cost effectiveness of acquisitions through mandatory deposit and some of the shortcomings of mandatory deposit for LC purposes with respect to unpublished materials, special collections, and potential retaliation by foreign countries. Those are some topics that we intend to pursue related to mandatory deposit.

I want to add a brief comment here. Based yesterday's discussion and the papers that have been presented, I believe there are essentially two sets of issues here, and that they are distinct, yet related. I think the copyright issues related to the benefits and the eligibility to receive them form one set of issues, and that the Library issues related to maintaining a comprehensive collection of creative works presents a separate set of issues related to section 407. For me, as the work of this committee goes forward, it does not seem possible to address the one without addressing the other.

I think the task for this committee will be this: how do we look at these alternative inducements which we are going to take up next, in ways that, in commenting on the proposed bill, will make it possible to address both of these issues at the same time. We must recognize the need to balance the interests of the creators and in having unfettered access to the benefits that the law confers without doing undue harm to the Library of Congress -- which, we must admit, many of the creators benefitted from in developing the items that they later made available for registration.

What this suggests is an additional work program beyond paper number one that would address the rationale for section 407 in maintaining a collection of creative works based on deposits that will be more effective than we perceive it to be currently, supplemented by alternative inducements to register which would also make 407 more effective. I think this is going to be another work program that we will follow up on after this meeting.

Several of you have commented that you're unable to make up your minds about the benefits of eliminating sections 411(a) and 412 if we don't have a clear understanding of what this might do to the Library. Therefore, I think we need to have a set of tasks associated with mandatory deposit and ways of strengthening it and making it more effective. This additional work program would go hand and hand with our efforts to identify alternative inducements to registration and deposit, which is what we have been requested to do.

And let me just suggest a couple of things that might be included in this program, beyond our efforts just to look at the effectiveness of section 407. One is that we need to give more attention to the importance of the bibliographical records that are created at the Library of Congress as a result of the deposit collection. These records enable users all over the world to make use of the collections of the Library of Congress without being on site. We also need to give stronger emphasis to the need to maintain and improve the database of copyright registrations for the benefit of the creative community. I think that certainly is an important by-product of the registration system.

The comprehensiveness of the collections of the Library of Congress speaks for itself; the amount of money that would have to be appropriated to create any alternative to those deposits is staggering. But, finally, there are a number of additional things that might be identified. For example, we might want to look at the situation of certain copyright depositors, especially smaller companies that publish under fifty volumes, and who may consider having to deposit a burden. I don't know, and I throw the question out: are they able to use those deposits as a tax deductible contribution? I don't know, but I think that we might want to look at a number of things that are not necessarily alternative inducements to register, but that might strengthen the depository provisions themselves. So, I'm outlining that as an additional work program that would follow on this meeting that will be undertaken. I just wanted to make those comments and ask for your comments and response. John.

B
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David L. LADD, Register of Copyrights, Plaintiff-Counterdefendant-
Appellee, v. LAW & TECHNOLOGY PRESS, Defendant-Counterclaimant-
Appellant

No. 84-5847

*(United States Court of Appeals, Ninth Circuit—Argued and Submitted
February 6, 1985 — Decided June 7, 1985)*

762 F.2d 809. 226 USPQ 774
49 C. O. Bull. 682

[See also *Law & Technology Press v. Ladd*, 475 U.S. 1045, 106 S.Ct. 1260, 89
L.Ed.2d 570 (U.S. Sup. Ct. — *Certiorari denied*, Mar. 3, 1986)]

On appeal from the United States District Court for the Central District of California.

Before BOOCHEVER and BEEZER, Circuit Judges, and CARROLL,* District Judge.

BOOCHEVER, *Circuit Judge*. Law & Technology Press (Press) refused to deposit two copies of its publication with the Library of Congress as is required by the copyright law. Press claims that the deposit requirement is an unconstitutional taking under the fifth amendment and an unconstitutional burden on the press under the first amendment. Press also contends that the trial court abused its discretion by granting summary judgment for the government without permitting Press discovery. We conclude that there were no genuine issues of material fact, nor were there additional facts to be elicited which could have altered the outcome of the case. The grant of summary judgment without discovery was therefore proper. The deposit requirement is not an unconstitutional taking because it validly conditions the enjoyment of copyright, although failure to make the deposit does not subject the copyright to forfeiture. Moreover, the deposit requirement as a condition for the voluntarily sought benefit of copyright does not burden the expression or dissemination of ideas, and does not implicate first amendment rights. We therefore affirm.

Press is a California corporation which owns the copyright in the periodical *The Scott Report*. Press published nine issues of *The Scott Report*, each with copyright notice, in 1982. Under 17 U.S.C. § 407 (1982), Press was required to deposit two copies of each issue with the Copyright Office for the Library of Congress,¹ but

*Honorable Earl H. Carroll, United States District Judge for the District of Arizona, sitting by designation.

¹The relevant copyright deposit provisions are as follows:

§ 407. Deposit of copies or phonorecords for Library of Congress

(a) Except as provided by subsection (c), and subject to the provisions of subsection (e), the owner of copyright or of the exclusive right of publication in a work published with notice of copyright in the United States shall deposit, within three months after the date of such publication—

- (1) two complete copies of the best edition; or
 - (2) if the work is a sound recording, two complete phonorecords of the best edition, together with any printed or other visually perceptible material published with such phonorecords.
- Neither the deposit requirements of this subsection nor the acquisition provisions of subsection (e) are conditions of copyright protection.

(b) The required copies or phonorecords shall be deposited in the Copyright Office for the use or disposition of the Library of Congress. The Register of Copyrights shall, when requested by the depositor and upon payment of the fee prescribed by section 708, issue a receipt for the deposit.

did not do so. Pursuant to section 407, appellee Ladd, the Register of Copyrights, sent a demand notice to Press seeking deposit of the copyrighted issues of *The Scott Report*. Press refused to comply on the ground that section 407 was unconstitutional, and suggested that if the Library wanted *The Scott Report*, it become a paid subscriber. Ladd subsequently initiated this suit to recover the statutory penalties for failure to deposit: a \$250 fine for each issue not deposited, and the retail price of the two copies of each issue. Press answered, admitting its failure to deposit, asserting the statute's unconstitutionality as a defense, contending that the government impermissibly had selected it for prosecution because of

(c) The Register of Copyrights may by regulation exempt any categories of material from the deposit requirements of this section, or require deposit of only one copy or phonorecord with respect to any categories. Such regulations shall provide either for complete exemption from the deposit requirements of this section, or for alternative forms of deposit aimed at providing a satisfactory archival record of a work without imposing practical or financial hardships on the depositor, where the individual author is the owner of copyright in a pictorial, graphic, or sculptural work and (i) less than five copies of the work have been published, or (ii) the work has been published in a limited edition consisting of numbered copies, the monetary value of which would make the mandatory deposit of two copies of the best edition of the work burdensome, unfair, or unreasonable.

(d) At any time after publication of a work as provided by subsection (a), the Register of Copyrights may make written demand for the required deposit on any of the persons obligated to make the deposit under subsection (a). Unless deposit is made within three months after the demand is received, the person or persons on whom the demand was made are liable—

- (1) to a fine of not more than \$250 for each work; and
- (2) to pay into a specially designated fund in the Library of Congress the total retail price of the copies or phonorecords demanded, or, if no retail price has been fixed, the reasonable cost of the Library of Congress of acquiring them; and
- (3) to pay a fine of \$2,500, in addition to any fine or liability imposed under clauses (1) and (2), if such person willfully or repeatedly fails or refuses to comply with such a demand.

§ 408. Copyright registration in general

(a) **Registration Permissive.**—At any time during the subsistence of copyright in any published or unpublished work, the owner of copyright or of any exclusive right in the work may obtain registration of the copyright claim by delivering to the Copyright Office the deposit specified by this section, together with the application and fee specified by sections 409 and 708. Subject to the provisions of section 405(a), such registration is not a condition of copyright protection.

(b) **Deposit for Copyright Registration.**—Except as provided by subsection (c), the material deposited for registration shall include—

- (1) in the case of an unpublished work, one complete copy or phonorecord;
- (2) in the case of a published work, two complete copies or phonorecords of the best edition;
- (3) in the case of a work first published outside the United States, one complete copy or phonorecord as so published;
- (4) in the case of a contribution to a collective work, one complete copy or phonorecord of the best edition of the collective work. Copies or phonorecords deposited for the Library of Congress under section 407 may be used to satisfy the deposit provisions of this section, if they are accompanied by the prescribed application and fee, and by any additional identifying material that the Register may, by regulation, require. The Register shall also prescribe regulations establishing requirements under which copies or phonorecords acquired for the Library of Congress under subsection (e) of section 407, otherwise than by deposit, may be used to satisfy the deposit provisions of this section.

its vocal opposition to the law, and counterclaiming for a declaratory judgment of unconstitutionality and an injunction forbidding the enforcement of the law against Press.

Ladd filed a motion for summary judgment three and one-half weeks after Press answered the complaint. In its opposition to the motion, Press asked the court for a continuance during which Press could conduct discovery on factual issues raised in the motion. Without permitting discovery, the district court granted summary judgment for Ladd on all claims and counterclaims. On appeal, Press has not raised the selective prosecution issue.

I. LACK OF DISCOVERY

[1] We review the district court's decisions on discovery before summary judgment for abuse of discretion. *See Portland Retail Druggists Association v. Kaiser Foundation Health Plan*, 662 F.2d 641, 646 (9th Cir.1981); *Program Engineering, Inc. v. Triangle Publications, Inc.*, 634 F.2d 1188, 1193 (9th Cir. 1980). The party opposing summary judgment must have an opportunity to respond to the motion, which includes time for discovery of facts essential to its opposition. *Portland Retail*, 662 F.2d at 645. However, appellant had the burden of showing the trial court what facts it hoped to discover which would raise issues of material fact. *Taylor v. Sentry Life Insurance Co.*, 729 F.2d 652, 656 (9th Cir.1984) (per curiam).

Press failed to meet this burden. In its opposition to summary judgment, Press did not identify any specific facts that it hoped to discover, merely stating that it wished to take discovery on "the issues raised in these papers." Of the nineteen items listed in Press' Statement of Genuine Issues of Material Fact, nine are issues of law rather than fact. Seven relate to just compensation for the deposit of the copyrighted works. Compensation was not a material issue due to the district court's decision that there was no taking as a matter of law. The remaining three items relate to Press' claim of selective prosecution. Because Press has abandoned this issue on appeal, lack of discovery on the issue is irrelevant at this point.

II. SUMMARY JUDGMENT

Summary judgment is proper if there is no genuine issue of material fact and the moving party should prevail as a matter of law. Fed.R.Civ.P. 56(c); *Gould v. Mutual Life Insurance Co.*, 735 F.2d 1165, 1166 (9th Cir.1984). Review of a summary judgment is de novo. *Taylor*, 729 F.2d at 654. As Press is unable to point to any genuine issue of triable fact, we proceed to review of the district court's conclusions of law.

A. Is the Deposit Requirement Necessary and Proper?

All versions of the Copyright Act have been enacted pursuant to the power granted Congress by article I, section 8, clause 8 of the Constitution: "The

Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." In carrying out the Copyright Clause, Congress can make "all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers." U.S. Const. art. I, § 8, cl. 8.

Press argues that the library deposit requirement is not necessary and proper to carry out the Copyright Clause and is invalid. Press contends that the Copyright Clause gives Congress the power to advance the arts and sciences *only* by granting copyrights and patents. However, Press cites no authority for this proposition.² While no case has directly addressed whether the library deposit is necessary and proper to the Copyright Clause, there is abundant authority that the primary purpose of the clause is to promote the arts and sciences for the public good, not to grant an economic benefit to authors and inventors. E.g., *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 104 S.Ct. 774, 782, 78 L.Ed.2d 574 (1984); *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 576-77, 97 S.Ct. 2849, 2857-58, 53 L.Ed.2d 965 (1977); *Schnapper v. Foley*, 667 F.2d 102, 111 (D.C.Cir.1981) (quoting 1 M. Nimmer, *Nimmer on Copyright* § 1.03[B] (1981), to the effect that the first phrase of the Copyright Clause expands rather than limits congressional authority in the area), *cert. denied*, 455 U.S. 948, 102 S.Ct. 1448, 71 L.Ed.2d 661 (1982); *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 543-44 (2d Cir.), *cert. denied*, 379 U.S. 822, 85 S.Ct. 46, 13 L.Ed.2d 33 (1964). Moreover, long-established principles of constitutional construction make clear that the lack of express constitutional authority for the deposit requirement does not preclude its validity and that the necessary and proper clause should be liberally construed. See *The Legal Tender Cases*, 79 U.S. (12 Wall.) 457, 533-39, 20 L.Ed. 287 (1872) (in construing range of "necessary and proper" clause, look to purposes of enumerated powers, not solely to express words of powers); *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 404-21, 4 L.Ed. 579 (1819) (mandating an expansive construction of the "necessary and proper" clause as essential to the functioning of a national government). Thus, a provision of the Copyright Act which sustains a national library for the public use is necessary and proper. We further note that the Supreme Court, albeit in passing, has recognized without questioning its constitutionality that the deposit requirement's purpose is to enforce contributions of desirable books to the Library of Congress. See *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 41, 59 S.Ct. 397, 402, 83 L.Ed. 470 (1939) (delay in copyright deposit and registration does not invalidate

²Press does quote *In re Cooper*, 254 F.2d 611, 616 (C.C.P.A.), *cert. denied*, 358 U.S. 840, 79 S.Ct. 63, 3 L.Ed.2d 75 (1958), as authority for this limiting construction of the Copyright Clause: "Article I, Section 8, eighth clause, of the Constitution, . . . does no more than grant power to Congress to secure certain rights to authors and inventors insofar as it elects to do so." Read in context, however, the *Cooper* language quoted does not state a limit on Congress' power, but states that the Copyright Clause conveys no rights to authors or inventors unless Congress elects to execute the clause. *Id.* at 616-617.

copyright); see also *National Conference of Bar Examiners v. Multistate Legal Studies, Inc.*, 692 F.2d 478, 485-86 (7th Cir. 1982) (copyright regulation allowing deposit of excised portion of testing materials valid), *cert. denied*, — U.S. —, 104 S.Ct. 69, 78 L.Ed.2d 83 (1983).

B. Fifth Amendment Issues

[2] The first copyright act, Act of May 31, 1790, ch. 15, § 3, 1 Stat. 124, 125, contained a deposit clause which the Supreme Court held a constitutional condition of copyright. *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 663-66, 8 L.Ed. 1055 (1834) (Congress created copyright and may condition those rights upon deposit). However, that deposit was with the copyright office for administrative purposes relating to the grant of copyright. In 1846, Congress changed the deposit requirement, directing that one copy of each copyrighted work be deposited in the Smithsonian Institution and the Library of Congress.³ Act of Aug. 10, 1846, ch. 178, § 10, 9 Stat. 102, 106. As the Supreme Court stated in *Washingtonian*, the purpose of this deposit requirement, of which section 407 is the current version, is not proof or preservation of copyright but the acquisition of books for the Library. *Washingtonian*, 306 U.S. at 41, 59 S.Ct. at 402. Until 1976, failure to deposit with the Library of Congress resulted in a forfeiture of copyright. Congress changed the deposit enforcement provisions because

[a] realistic fine, coupled with the increased inducements for voluntary registration and deposit under other sections of the bill, seems likely to produce a more effective deposit system than the present one. The bill's approach will also avoid the danger that, under a divisible copyright, one copyright owner's rights could be destroyed by another owner's failure to deposit.⁴

H.R.Rep. No. 1476, 94th Cong., 2d Sess. 150, *reprinted in* 1976 U.S.Code Cong. & Ad.News 5659, 5766. Under the 1976 revision of copyright law, therefore, deposit is still required, but failure to deposit results not in forfeiture but in fines in the amount of the cost to the Library of obtaining the work plus penalties.

Press argues that the requirement that a copyright owner give two copies of his work to the Library of Congress is a taking of private property for public use without just compensation and violates the fifth amendment. There is no question but that the materials are private property and that deposit with the Library is for a public use. Ladd argues, however, that the deposit rule is not a taking. Rather, it is a condition which Congress may legitimately attach to the grant of a benefit.

³The Library of Congress was first established in 1802, Act of Jan. 26, 1802, ch. 2, 2 Stat. 128, but at that time did not contain any materials through the copyright provisions.

⁴The phrase "divisible copyright" refers to the principle that any of the exclusive rights which make up a copyright, e.g., rights of reproduction, adaptation, publication, performance, and display, can be transferred and owned separately. See H.R.Rep. No. 1476, 94th Cong., 2d Sess. 123, *reprinted in* 1976 U.S. Code Cong. & Ad.News 5659, 5738-39; see generally 3 M. Nimmer, *Nimmer on Copyright* §§ 10.01(B), 10.02 [A]-[C] (1984).

By voluntarily choosing to avail itself of the benefit, Press has accepted the condition of deposit.

Congress indubitably can place conditions on the grant of a statutory benefit. *Ruckelshaus v. Monsanto Co.*, — U.S. —, 104 S.Ct. 2862, 2874-76, 81 L.Ed.2d 815 (1984) (not a taking when Congress requires Monsanto to disclose valuable research data in exchange for benefit of pesticide registration); *Graham v. John Deere Co.*, 383 U.S. 1, 6, 86 S.Ct. 684, 688, 15 L.Ed.2d 545 (1966) (within scope of constitutional grant, Congress may set conditions for patentability); *Wheaton*, 33 U.S. (8 Pet.) at 663-66 (Congress may require deposit and registration as conditions to copyright). However, Press advances three arguments that the deposit requirement is not a valid condition.

First, Press argues that cases validating conditions have addressed conditions related to the benefit sought, see *Graham*, 383 U.S. at 6, 17-19, 86 S.Ct. at 688, 693-94 (invention must be "nonobvious" to be patentable); *Wheaton*, 33 U.S. (8 Pet.) at 665 (deposit may serve to identify copyrighted material in case of later contest), and that in this case the condition is not related to the benefit sought, because the current deposit is not for copyright identification purposes, as in *Wheaton*, but for the use of the Library of Congress. See *Washingtonian*, 306 U.S. at 38-39, 41, 59 S.Ct. at 401, 402; *National Conference of Bar Examiners*, 692 F.2d at 486-87; 3 M. Nimmer, *Nimmer on Copyright* § 7.17[A], at 7-128 (1984).

In *Monsanto*, the Supreme Court established a less stringent test for a valid condition. That case involved a statutory provision that ten years after an applicant submits research data in support of a pesticide registration application, the EPA may use the data to evaluate other applicants' pesticides, and disclose the data, without the original applicant's permission and without compensation. Monsanto claimed that this was a taking without just compensation of its property interest in the data. The Court held that

as long as Monsanto is aware of the conditions under which the data are submitted, and the conditions are rationally related to a legitimate government interest, a voluntary submission of data by an applicant in exchange for the economic advantages of a registration can hardly be called a taking.

Monsanto, 104 S.Ct. at 2876. All that the Court explicitly required was that the party be aware of the condition and that the condition be rationally related to a government interest. Under *Monsanto's* facts, however, the condition furthered not *any* government interest, but a *related* government interest. Monsanto's marketing of pesticides was inherently related to the valid government interest in a safe environment, for which purpose Congress regulates pesticides. Requiring Monsanto to let others use its test results when registering their pesticides furthered this interest by facilitating the testing process. *Id.* at 2879-80.

The Copyright Clause grants copyright protection for the purpose of promoting the public interest in the arts and sciences. Conditioning copyrights on a contribution to the Library of Congress furthers this overall purpose.

Press' second contention is that under the 1976 revision, the deposit require-

ment by its own terms is no longer a condition of copyright, and therefore precedent on statutory conditions is inapplicable here. The revised statute states: "Neither the deposit requirements of this subsection nor the acquisition provisions of subsection (e) are conditions of copyright protection." 17 U.S.C. § 407(a) (1982). However, a complete reading of section 407 reveals that deposit is indeed still required of one obtaining a copyright, although protection of the copyright laws is not lost by failure to comply. The 1976 amendment merely changes the method by which the deposit requirement is enforced.

The previous law obligated the owner of a copyright, after publication, to deposit two copies with the Library. If the owner chose not to do so, the copyright was forfeit. The new law has taken away that choice about deposit. Once publication with copyright notice has occurred, the owner *must* deposit. If he does not, rather than allow forfeiture, the Register of Copyrights may force him to "deposit" by suing him for the price of the work and then purchasing it. Thus precedent on statutory conditions is applicable.

Press' third argument is that a line of Supreme Court patent cases prohibits requiring deposit of copyright materials as an unconstitutional taking without just compensation. See *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 189, 53 S.Ct. 554, 558, 77 L.Ed. 695 (1933) (United States had right to use patented invention created by Federal employee at work, but not right to assignment of patent itself); *Belknap v. Schild*, 161 U.S. 10, 15-16, 16 S.Ct. 443, 444, 40 L.Ed. 599 (1896) (United States had no sovereign right to use patented device, but as sovereign could not be sued without consent); *James v. Campbell*, 104 U.S. (14 Otto) 356, 357-58, 26 L.Ed. 786 (1881) (United States cannot appropriate patented devices, but device in this case nonpatentable). In *James*, for example, the holder of a patent in a stamping machine sued a United States postmaster, alleging that he was unlawfully using the machine without paying the patent fee. The Court, noting the contrary English rule, unequivocally stated that the United States Constitution did not grant our government the prerogative to reserve to itself the free use of patented devices. *James*, 104 U.S. (14 Otto) at 357-58. The Court mentions authors as well as inventors in a way which indicates that this principle applies equally to copyrights and patents. *Id.* at 358.

The cases cited, however, are distinguishable from the case at bar in two important ways. First, in none of these cases did the government act pursuant to any statutory scheme making government use a condition of patentability. Second, the government was not acting as a sovereign to further the public welfare by promoting arts and sciences; instead it appropriated the patented device for a proprietary purpose. See *Dubilier*, 289 U.S. at 183-85, 53 S.Ct. at 555-56 (government sought use of radio apparatus); *Belknap*, 161 U.S. at 24-25, 16 S.Ct. at 448 (government used caisson gate in navy drydock yard); *James*, 104 U.S. (14 Otto) at 357 (United States postmaster used stamping machine to postmark letters). In contrast, the deposit requirement here directly furthers the purpose of promoting arts and sciences by adding to the collection of our national library. The *James* line of cases is therefore not controlling here.

C. First Amendment Issues

[3,4] Press argues that the deposit requirement violates the first amendment because it burdens material protected by the first amendment. Press attempts to characterize deposit as an invidious tax on first amendment protected works. See *Minneapolis Star & Tribune Co. v. Minnesota Commissioner of Revenue*, 460 U.S. 575, 581-85, 103 S.Ct. 1365, 1369-72, 75 L.Ed.2d 295 (1983) (invalidating special use tax on paper and ink affecting only large newspapers). Press ignores the fact that the deposit requirement does not burden the first amendment concerns of expression and dissemination of ideas. Cf. *Citizen Publishing Co. v. United States*, 394 U.S. 131, 139-40, 89 S.Ct. 927, 931-32, 22 L.Ed.2d 148 (1969) (first amendment not a defense, nor an issue, in antitrust action brought against newspapers: "Neither news gathering nor news dissemination is being regulated by the present decree."). Deposit is not triggered by the publication of ideas. It comes into play only if the publisher voluntarily seeks the statutory benefit of copyright. The first amendment does not protect the right to copyright, and therefore a condition placed on copyright protection does not implicate first amendment rights.⁵

D. Conclusion

We conclude that the deposit requirement is constitutional and affirm the award of summary judgment.

AFFIRMED.

⁵This assumes, of course, that the condition itself does not trigger first amendment concerns, e.g., a condition that to be copyrightable a work may not criticize the government. Such a condition might be invalid because, while the first amendment does not protect the right to copyright, the act of copyrighting is not a waiver of first amendment rights. See 1 M. Nimmer, *Nimmer on Copyright* § 1.10[A] (1984); cf. *FCC v. League of Women Voters*, —U.S.—, 104 S.Ct. 3106, 3118-27, 82 L.Ed.2d 278 (1984) (acceptance of federal funding does not give government right to prohibit editorials by public broadcaster); *Consolidated Edison Co. v. Public Service Commission*, 447 U.S. 530, 534 n. 1, 100 S.Ct. 2326, 2331 n. 1, 65 L.Ed.2d 319 (1980) (utility's status as government regulated monopoly does not preclude its assertion of first amendment rights).

MEMORANDUM



LIBRARY
OF
CONGRESS

to: **Dorothy Schrader
General Counsel**

date: **August 3, 1993**

from: **Kent Dunlap
Principal Legal Advisor**

via:

subject: **Comments on Barbara's draft statement on mandatory deposit**

Barbara's thoughtful draft on mandatory deposit succeeds in raising many pertinent issues. I agreed with much in her statement. Most of the areas where I disagree, moreover, I believe stem from Barbara being given inaccurate information by well meaning, but misinformed staff members. I believe it is very useful to discuss all of the issues raised in Barbara's draft.

The historical account of the development of section 407 and her discussion of Ladd v. Technology Press I believe are excellent, and are certainly consistent with my understandings of these important foundations of mandatory deposit. Her analysis goes on to discuss the implications of the elimination of the notice requirement in 1988, and concludes that enforcement, while more difficult, should be possible. I agree with this conclusion, which is clearly consistent with the legislative history on the Berne Implementation Act.

An area where I strongly disagree is Barbara's characterization of existing practice on page 15 of her draft. I believe most of my disagreement stems from her being misinformed on some essential points. First, in almost all cases in which a work is demanded, the person issuing the demand will not have a copy of the work before him or her. Therefore, in the vast majority of cases, the issuer of the demand will not know whether the work contains a copyright notice.

If, in correspondence on a demand it becomes clear that the work lacks a notice, then that fact will be dually noted internally. However, if the copyright owner does not raise the lack of copyright notice or lack of copyright protection generally as a defense, then the Office will not raise these issues. The demand will be processed in accordance with generally applicable procedures.

If, on the other hand, the copyright owner raises the lack of a copyright notice as a defense, then we will respond with a general letter explaining that mandatory deposit applies to all copyrighted material. The letter will go on to indicate that the Library of Congress will not enforce mandatory deposit against material

regarded by its owner to be in the public domain. We then indicate that the demand will be dropped if we receive a statement renouncing copyright which becomes part of the public record. Our letter will further advise that such a public statement likely means that all remedies against copying are lost. Upon receipt of such a letter, the vast majority of owners choose to deposit rather than renounce copyright.

The statement that the Office will not enforce a demand on a work not containing notice is incorrect. It is true that we have never sent such a case to the Justice Department, and any case raising a test case issue would not be treated lightly. However, the reason no cases have been sent to the Justice Department is that the overwhelming majority of published works still contain a copyright notice, and owners of works lacking notice prefer to deposit rather than renounce copyright. As of today, there has been no mandatory deposit case eligible for referral to the Justice Department which was not referred because it lacked a copyright notice.

Another point worth mentioning is the lack of relevance of a copyright owner's statements regarding his intentions as to enforcement. Intentions as to enforcement are always subject to change, and demand policies based on asserted intentions of the copyright owner would render mandatory deposit unenforceable. The applicability of mandatory deposit must turn on whether the owner regards his work as being under copyright. An owner who is willing to renounce his copyright remedies in a public statement is relieved of his mandatory deposit obligation.

My last point with respect to administration of mandatory deposit is that standards for issuing a demand are fundamentally different from the standards for referring a demand to the Justice Department for prosecution. Demands are generally issued for works seemingly falling into the literal terms of the statute. Demands are not issued for works where it is clear that the mandatory deposit obligation does not apply. In circumstances where it is known that legal defenses possibly apply, demands are commonly issued regardless. It is a common occurrence for demands to be issued in instances where it is known that referral to the Justice Department is unlikely due to legal concerns.

In deciding whether a case will be referred to the Justice Department, legal risks are carefully assessed. In all referrals to the Justice Department, any and all possible legal problems are pointed out to the Justice Department. Concerns over the chances of an unsuccessful prosecution are paramount because a loss might cause the Justice Department to conclude that section 407 is unenforceable. Prior agreements by the Justice Department to prosecute section 407 actions might not be considered binding in circumstances where prosecution leads to losses.

Since my statement as to the actual practice differs substantially from the described practice in Barbara's draft, I believe her criticisms of the practice she described are not relevant in the real world of mandatory deposit. It may be that she

has even stronger criticisms of the system which is actually in place. In my opinion, the current section 407 can have harsh consequences if it is literally applied in all cases. However, if one believes that the current section 407 is a harsh statute, then it appears clearly inconsistent to argue that mandatory deposit can be substantially enlarged to account for many works now currently registered and still avoid adverse consequences to some copyright holders.

Barbara's memorandum expresses concerns over the claiming of foreign works. These concerns embraced both general policy concerns, and Berne Convention concerns. I believe important distinctions should be drawn between concerns in these two areas.

Currently, section 407 applies to foreign works after publication in the United States. Anyone can raise questions over whether this is a wise statutory policy, and clearly objections can be voiced on general international trade policy grounds. I believe the Library should willingly enter into a dialogue on this issue, although it must be noted that the Library has already entertained a policy review on this issue in 1980 and 1986. I further believe that any reasonable dialogue on the issue requires the opposing side to consider the factors supporting the current policy. Clearly, mandatory deposit applies only to foreign copyright holders who are actively exploiting the U.S. market. In most cases, the cost of compliance is extremely small. Due to jurisdictional requirements, enforcement by the Justice Department is only possible against foreign copyright holders having a major business presence in the United States. In addition, many of the so-called foreign copyright holders are, in fact, large, multi-national corporations with a substantial presence in the United States. For some of these corporations, moreover, a substantial portion of their intellectual product comes from American authors creating their works in the United States.

As to issues associated with the Berne Convention, I believe the Library has every right to consider this issue as being settled in its favor. Clearly, mandatory deposit as applied to foreign copyright holders affects neither the creation nor the enjoyment of copyright. Noncompliance with demand does not affect the enforcement of foreign copyright claims in the United States.

In consideration of the Berne Implementation Bill, the Library clearly expressed its view that mandatory deposit did not violate the Berne Convention. To my recollection, no dissenting voices were raised on this issue. I believe both the Nimmer article and the ad hoc report agreed that mandatory deposit did not violate the Berne Convention. The legislative history clearly reflects the Congressional conclusion that there are no Berne Convention infirmities with respect to mandatory deposit. In enforcing mandatory deposit against a multinational corporation from a Berne union country, Berne Convention objections were dropped, and a settlement was secured conceding the applicability of mandatory deposit. Given these legal

realities, I see no reason why the Library of Congress should now entertain novel theories, never articulated during consideration of Berne adherence, and clearly counter to the expressed opinions of Congress, that there exist Berne Convention infirmities with respect to mandatory deposit.

As to the question of whether mandatory deposit could be reformulated to be a cost-effective substitute for copyright registration, in my opinion the answer is clearly yes, but the necessary statute would be unacceptable to the proprietary interests, and the statute would be subject to constitutional challenge. Understanding this issue requires an intimate comprehension of the current registration system and mandatory deposit.

The beauty of the copyright registration system is the cost of acquisition is a flat zero. There is no research to determine if the Library wants or needs the material. There is no communication whatsoever to the depositor. Material flows into the Copyright Office like rain falling out of the sky. Obviously, it is impossible to devise a system of superior cost-effectiveness where the existing system has zero costs. Devising a system even approaching zero cost is no simple task.

Statistically, the basic costs associated with the claiming of individual works is readily ascertainable. Librarians working in the Deposit and Acquisition Division secure approximately four titles per day. Obviously, the cost of claiming individual works is a labor intensive, low yield process. While the imposition of automated systems might affect the yields at the margins, the basic nature of claiming as a labor intensive, low yield proposition can not be changed under the current mandatory deposit structure.

Given the current shortcomings of mandatory deposit, the question arises how can mandatory deposit be reformulated to achieve a cost-effectiveness approaching copyright registration. The answer is obvious. Only a system which brings copies automatically into the Library can compete with the copyright registration system. If the Library has to identify and specifically ask for a work, the process will be inherently inefficient.

Ironically, for a segment of the publishing industry there already exists a system of automatic deposit. The area is serials. Because of the unique nature of serials, whereby one title is published on a continuing basis under a subscription, publishers of serials are typically agreeable to entering two free subscriptions for the benefit of the Library of Congress. Under current section 407, the Library has no authority for insisting upon free subscriptions, and demands for serials are necessarily limited to current and back issues. However, it is far cheaper for publishers to enter free subscriptions than to deal administratively with demands for individual issues. For this reason, publishers of serials have been cooperative in setting up automatic deposit of serial titles.

The situation is entirely different everywhere else. Titles outside of serials are sold on an individual, transactional basis. Publishers of individual works wait for demands before depositing.

Could mandatory deposit be restructured to bring copies automatically into the Library? The answer is obviously yes. A statute achieving such a goal would allow for the claiming of a publisher's output, rather than be limited to individual works, and would impose substantial penalties (such as a fine of \$500) for every title not automatically deposited within three months of publication.¹ Would such a statute automatically bring in works to the Library in a manner roughly equivalent to copyright registration? I believe the answer is yes because copyright proprietors would be diligent in seeking to avoid the imposition of harsh penalties. Despite the harsh penalties, would there be some instances where timely deposit was not made? Again, I think the answer is clearly yes because mistakes will always arise. In instances of accidental omission, could the Library ameliorate the harsh effects of the penalties by excusing noncompliance. Unfortunately, the answer here I believe is no. A government agency can not reasonably excuse some, and apply penalties to others. The most economically efficient system will apply harsh penalties without exceptions.

Having described a truly odious statute with the conclusion that only such a statute would produce a cost-effective acquisition system, I believe another observation with respect to mandatory deposit is in order. As regarding the relationship between the Library of Congress and the publishing community, there are many areas where encouraging dialogue and accommodation will likely yield the most efficient system. These are areas where solutions are frequently found in the middle, and so-called "win-win" solutions can be derived. Unfortunately, it is my belief that models stressing accommodation and dialogue are inappropriate for mandatory deposit because such an approach would be inherently inefficient and would impose unreasonable costs on both the Library and the proprietary community.

Before discussing mandatory deposit, I believe it is useful to discuss areas where accommodation and dialogue are useful. The most obvious example is Library cataloguing of published material. While the Library undertakes this task as a service to the library community, publishers receive substantial commercial advantages through production and distribution of this data base. This is clearly an area where the interests of the Library and the publishing industry converge, and it is in the interests of both to work towards achieving a cost-effective system.

¹ **The above described statute would admittedly have constitutional problems, although as a cursory matter, I think the due process problem would probably exceed the takings clause problem. Since a harsh output statute containing severe penalties would have little support, no purpose would be served by examining possible constitutional defects in detail.**

Another area where I believe a system based on accommodation and dialogue is possible but not yet in existence is the area of electronic dissemination of intellectual property. This area is, of course, currently a matter of controversy. In order to solve this dilemma, it is my belief that the Library must make two concessions. First, it must acknowledge the basic principle of reasonable compensation to creators of intellectual property delivered electronically. Second, it must concede the right of copyright holders to refuse to have their works included in the Library's data base.

Once the Library concedes the right of copyright holders to exclude their works from the Library's data base, the so-called copyright issues magically disappear. The Library is liberated to establish the terms of its data base in accordance with its own vision. While copyright owners would be free to stay out of the Library's system, those not participating would forego the economic benefits accruing to those in the copyright industries who are participating. The development of a system along the lines I have just described would benefit the publishing community at large because the expansion of avenues for exploitation is always to the industry's advantage.

The model of promoting dialogue, accommodation, and win-win solutions I believe doesn't apply to mandatory deposit because the interests of the Library and the publishing community are diametrically opposed. At issue is the national and international collections of the Library of Congress, and the costs associated with acquiring this collection. One potential payer is the Library of Congress, and in a broader sense, the U.S. taxpayer. The other potential payer is the copyright community. The reason the copyright community can be fairly charged this expense is the existence of the statutory benefits of copyright, which provide enormous commercial advantages to copyright owners. Forced participation in the mandatory deposit system is one of the few costs charged to copyright owners for the copyright system.

In operating the mandatory deposit system, the most cost-effective system from the standpoint of the Library will be to maximize the reach of the mandatory deposit system. Clearly, the major benefits of the system apply to acquiring extremely expensive works and to acquiring foreign works which traditionally are not received through copyright registration. In addition, huge economic benefits will accrue to the Library if a system of automatic deposit can be established in place of claiming individual works. The interests of the copyright community, on the other hand, will be to limit the scope of mandatory deposit. As a result of the realities of mandatory deposit, the Library's gain will always be the copyright community's loss, and the copyright community's gain will always be the Library's loss. "Win-win" solutions are not possible.

In crafting a cost-effective mandatory deposit law, a statute having clear boundaries which is nevertheless arbitrary is clearly superior to a statute establishing

fuzzy lines which encourages reasonable dialogue between the parties. The reason is the cost of the dialogue between the parties will quickly exceed the value of the copies which are being haggled over. Dialogue merely increases costs to both parties, and therefore works to the disadvantage of both parties. Clear, arbitrary lines at least settle the issue.

I appreciate the opportunity to express my opinions on mandatory deposit, which is a subject about which I have thought a lot. I hope some of the points I have raised are useful to members of the Accord.

WORKING PAPER #11a

**Schrader, Dorothy, et al
August 6, 1993**

Attached are three separate comments on and supplemental to Working Paper # 11, from:

- a. Dorothy Schrader, General Counsel, Copyright Office, dated August 6, 1993,*
- b. Marilyn Kretsinger, Assistant General Counsel, Copyright Office, dated August 6, 1993, and*
- c. Laila Mulgoakar, Chief, Copyright Acquisitions, dated August 6, 1993.*

N. B. *It should be noted that these comments were made on the basis of an earlier draft of Working Paper # 11, which will account for one or two discrepancies in general comments or specific quotations.*

MEMORANDUM



LIBRARY
OF
CONGRESS

to: **Ralph Oman**
Register of Copyrights

date: **August 6, 1993**

from: **Dorothy Schrader**
General Counsel *DS*

via:

subject: **Comments on the Draft Mandatory Deposit Memorandum**

I appreciate the opportunity to comment on the draft memorandum, which includes some thoughtful and thought-provoking observations about mandatory deposit.

I am at a loss to know who in the Library thinks mandatory deposit is "fundamentally unworkable" and dismisses it as "nothing more than a minor adjunct to LC's acquisitions resources." [Page 2.] Mandatory deposit is working. It is an important source of LC acquisitions. It is vigorously enforced, as witness our defense of mandatory deposit against a serious constitutional challenge and our successful major lawsuit against the leading foreign publisher of scientific and technical works. It is only in comparison with registration deposit that the comparative effectiveness and cost of mandatory deposit has been questioned.

There is an assumption in the draft memorandum that mandatory deposit is underutilized in comparison with foreign mandatory deposit systems. One of the two tasks set out for ACCORD is to consider statutory, structural, and administrative changes to make the system in the United States "as fully effective as the best of the systems operating in other countries." [Page 4.] While there may be changes that would improve mandatory deposit, the clear implication of the quoted passage is that without change the existing U.S. system is not as effective as foreign mandatory deposit systems. The foundation and justification for this implied conclusion mystifies me. The existing U.S. mandatory deposit system – both the law and its administration by the Library – clearly surpasses any foreign mandatory deposit system to my knowledge. Our system exceeds foreign systems in the quantity, quality, and range of materials acquired through mandatory deposit. Most foreign systems acquire only printed works. Most foreign systems have weak, modest penalties and lax enforcement.

The summary of existing practices at page 15 overemphasizes the distinction between works published with or without notice. The absence of the notice is just one factor in determining whether to proceed with judicial enforcement. There is no point in seeking judicial enforcement of weak cases. We evaluate a number of legal issues (evidence of publication; service of the demand on the person having the statutory obligation; existence of copyright in the work, etc.) and request judicial enforcement in those instances

where we have a solid case. Moreover, even four years after Berne adherence, the use of the copyright notice by commercially significant publishers remains widespread. We have always been aware that if the pattern develops of omitting notice the Library may have to seek judicial enforcement in the case of a work published without notice. The Library reserves the right to seek judicial enforcement of any properly served demand.

Incidentally, there is no unfairness in nondisclosure of policies regarding enforcement. The Justice Department or any other enforcement agency would be surprised if it must publish investigative and enforcement policies. There is a statutory obligation to deposit copies of works published in the United States. The public is entitled to know which categories of works are subject to mandatory deposit and which are exempt by regulation.

I am pleased that the draft memorandum observes that registration deposit, gifts, exchanges, and purchases should be "principal" sources of Library acquisitions. I think mandatory deposit is also a major source of LC acquisitions. Whether mandatory deposit can be improved in a cost-effective way is the crux of the examination underway. The national database idea sounds useful initially, but how much would it cost? In essence, you already have a national database in the Library of Congress bibliographic records. In contrast to data relating to mandatory deposit (which is the same as LC bibliographic records on a reduced scale), copyright registration records reflect a different universe: they reflect records of property interests, created after examination of the proprietary claim. The copyright records by their nature have more legal and commercial significance than bibliographic records. (While copyright records have more legal significance, the mere existence of the opportunity to register and become part of those public records is not sufficient to induce the levels of registration experienced under the present registration incentives.)

With respect to the constitutional concerns relating to mandatory deposit post-Berne, I agree that the concerns exist and must be considered in decisions to enforce section 407. I doubt that further study could alleviate the concerns; nor would I want to over-emphasize them by further study apart from a specific section 407 enforcement case. You can never really lay constitutional concerns to rest; you can only prepare to meet the challenge if it arises. (I do not agree, for example, that the "First Amendment" challenge is settled by Ladd v. Law and Technology.) This is especially true of mandatory deposit because our Berne Convention obligations seriously limit our options for enhancing compliance with mandatory deposit by conditioning certain statutory benefits on deposit. Even a Supreme Court decision on mandatory deposit would resolve only certain aspects of the constitutional issues. Any decision might be modified by a later Court. Precedent is no longer very binding -- it depends on the judge or justice, on the issue, and on the skill of the counsel.

With respect to Berne-compatibility, we have no legal issue. The law is clear: mandatory deposit is not a condition of copyright enjoyment or enforcement. If someone

refuses to deposit upon demand, the penalty is a fine. The same person may litigate an infringement claim and receive full remedies even if he or she refuses to deposit under section 407. No one is required by law or regulation to "abandon" a copyright. Our practice is the same whether the work is published with or without notice. The question is: Is this work the subject of copyright protection under title 17 U.S.C.? If it is not subject to protection or if copyright is not claimed, then we have no right to demand deposit. The suggestion proposed at page 16 of the memorandum is both unnecessary and unworkable. If we must drop a demand because the depositor says there is no "present intention of enforcing" the copyright, then mandatory deposit is ineffective. Anyone can make that claim, and the next day decide to enforce the copyright. In any case, I do not understand how this suggestion makes any difference regarding Berne compatibility. The Berne Convention prohibits formalities with respect to the "enjoyment and exercise" of the copyright. Those who favor a strict interpretation would say that "exercise" covers matters related to enforcement. What have you changed by compelling depositors to allege they have no "present intention of enforcing" the copyright?

My own analysis is that there is no serious legal issue regarding the compatibility of our section 407 enforcement practices with our obligations under the Berne Convention.

I will comment briefly on the two other alternatives suggested at pages 16 and 17, with the understanding that I do not agree that there is any problem regarding our enforcement practices that requires new procedures. The second alternative is not far from existing practice. We assume the work is copyrighted and that copyright is claimed unless the depositor raises this as a defense to the demand. Again, a statement from the depositor regarding non-enforcement of the copyright would not be workable, as discussed above. I would strongly recommend against the third alternative: we should pursue judicial enforcement only if we have a strong case; we should not forego the right to demand deposit of non-U.S. Berne Convention works after they have been published in the United States. In fact the LC acquisitions specialists have suggested expansion of our enforcement of mandatory deposit of foreign works, but the Copyright Office has been cautious about expansion of such demands for various reasons related to enforcement procedures.

I strongly agree with the statement in the second sentence of point one, page 17, that it would be "a serious, perhaps fatal, mistake to divorce mandatory deposit for the Library of Congress from the overall copyright system." As discussed earlier, however, I doubt that the "national database" idea can be justified on the basis of the workload, staffing, and budgetary considerations. I also doubt that there is any "offsetting benefit" to those who would refuse to deposit. In short, unless this is in fact an inexpensive, but powerful incentive to deposit, we have gained nothing. Those who refuse to deposit would deny there is any benefit from inclusion in the national database, and the constitutional question would be exacerbated by weakening of the link to the claim of statutory copyright.

On page 19, Ms. Ringer poses the question whether mandatory deposit should be a "mere complementary adjunct to copyright registration and deposit?" As noted in my opening comments, I do not think those involved in the administration of mandatory deposit view it as a "mere" anything. It is a major source of acquisitions. The staff involved in administration work hard to make the system as effective as possible. Mandatory deposit is effective; it is simply not as effective and inexpensive as registration deposit. Referring to the next question, mandatory deposit is already a major source of acquisitions for the general and special collections of LC. Should mandatory deposit be invoked to claim deposits for other libraries? In essence, this occurs now indirectly: pursuant to section 704(b), LC is entitled to exchange with, or transfer deposits (whether acquired through 407 or 408) to, "any other library."

Many of the recommendations mentioned on pages 19-20 are carried out now to the extent of available staff. The proposal at page 23 for a "detailed procedure for cataloging mandatory deposits" has a major workload and budgetary impact. With respect to item "8," AFTRA has not been fully implemented because of insufficient appropriations. Finally, with respect to recommendation "9," the Justice Department has been very cooperative in judicial enforcement of section 407. Judicial enforcement by its nature is not speedy. The suggestion that we seek legislation to empower the Copyright Office to sue on its own initiative has surface appeal. There are two very major hurdles: the Justice Department would probably strongly oppose the legislation; the transfer of authority could work only if all enforcement suits could be brought in the federal court for the District of Columbia. (I assume copyright owners would strongly oppose this.) If we had to litigate in any federal district, the cost would be prohibitive. Under the existing law, of course, we have counsel not only at the Department of Justice but at any United States Attorney's Office.

MEMORANDUM



LIBRARY
OF
CONGRESS

to: **Dorothy Schrader**
General Counsel

date: **August 6, 1993**

from: **Marilyn Kretsinger**
Assistant General Counsel

via:

subject: **COMMENTS ON BARBARA RINGER'S MEMO FOR ACCORD ON LEGAL DEPOSIT**

Barbara Ringer's memo, "Comments and Suggestions Concerning a System of Legal Deposit for the Library of Congress" raises several challenging questions.

1. Is 407 so inseparable from 411(a) and 412 that it should be studied in connection with looking at alternatives to 411(a) and 412?

- It certainly seems better to review 407 deposit carefully before suggesting any changes to 411 and 412. There has been a direct and strong relationship since 1978. Before changing either of these provisions, it is necessary to understand the present system and what its strengths and weaknesses are.
- Nevertheless, this is not a case where ACCORD needs to reinvent the wheel. Thorough studies of mandatory deposit have already been done and may provide most of the essential information. They include studies made as part of the Copyright Revision period, No. 20 "Deposit of Copyrighted Works"; our adherence to the Berne Convention; and more recently in preparing for the hearing on the H.R.897, and the Task Force.

2. Should ACCORD add major new studies of 407 to its mandate?

- If so, it should narrow the scope, by reviewing existing materials to determine what has been answered; what of this may have changed; and what if anything still needs to be addressed.
- Under the time requirements set by Congress for ACCORD to report, ACCORD cannot do another full-scale study of the requirements of Berne and the constitution.
- Revisitation of the constitutionality question --

- Has been addressed once when notice was still required, but it has not been addressed in context of publication without notice.
- In the only challenge pre-Berne the Court saw mandatory deposit as a condition which Congress may legitimately attach to the grant of a benefit. By voluntarily choosing to avail itself of the benefit, the copyright owner accepts the condition of deposit.
- Post Berne will the court still find that mandatory deposit is "necessary and proper" because it carries out the broad purposes of the Copyright Clause. How much did the advantage of a statutory benefit weigh in the court's ultimate decision?
- To some extent going down that road again would be setting out on a slippery slope.
- Mandatory Deposit has already been determined to be compatible with Berne. The Ad Hoc Report noted: "Section 407 of the U.S. law, while providing for mandatory deposit, and also subjecting the copyright owner to monetary penalties for noncompliance, expressly provides that the deposit requirement is not a condition of copyright protection. Accordingly, Section 407 should not present an obstacle to U.S. adherence to Berne."
- One suggestion made in the Ringer memo (p. 18) is to treat Berne works differently from non-Berne for mandatory deposit--create an implicit rather than explicit 2-tier system. This is not an improvement over the notice vs. non-notice perception.

3. How valid is a comparison of our system with that of other countries ?

- The Ringer memo emphasizes that we should make deposit in the United States as fully effective as the best of the systems operating in other countries. My understanding is that the present United States system is already one of the best.
- Materials were traditionally deposited with the Library of Congress long before the 1976 law when the United States moved toward the depot legal systems in effect in other countries. This law was intended both to get materials for the Library and to confer a benefit on the depositor by allowing the material deposited under 408 to serve as the deposit for Library of Congress.
- In examining other systems, we are faced with the twin horns of a dilemma: other countries are not concerned with constitutional requirements; they have been trained that deposit is a cultural contribution.

- To do a comparison, we must do a full study? How effective are other systems? When were they started? What kinds of material are deposited? What are the challenges if any to foreign systems?

4. How effective is the present system?

- Although mandatory deposit is not utilized for every work, the present procedure utilizing both 407 and 408 is effective.
- It is premature to change existing procedure unless we are certain the revised procedure will be fully as effective.
- Clear that whatever deposit system is proposed it will be a complement to other acquisitions; real question is do we want the Library to stop getting material through registration and move completely to other kinds of acquisition.
- Also, we have to consider all of the additional costs in implementing a new system.

5. Can the proposed amendments to 411 and 412 be seen as giving up on a system that confers benefit?

- Regarding the proposal to negotiate with the individual to acquire material: the deposit/motion picture agreement is premised on the fact that indeed the depositor is getting a benefit. If we reduce the effectiveness of the benefits, we increase problems in getting individual agreements.

6. Have the improvements suggested been balanced against what is possible in a real climate?

- Regarding databases: They are not cost free; they replace an existing system that works with a new one that may work but will take time, effort, and a great deal of the money to implement.
- Regarding increased services for the copyright depositor: Such proposals must always be measured by current budgetary constraints -- much more costly for the Library--can we afford these changes?
- The AFTRA provision is not being used fully because MBRS does not have sufficient staff/money.
 - To do as suggested will require allocation of increased staff and money.

- The Library is working on electronic storage and display; publishers not fully on board yet and won't be on board until the copyright issues are addressed.
- Timing is very critical to ACCORD and any sweeping changes to §407 may not be feasible in the present climate; consequently the balance between 408 deposit and 407 deposit may continue to be critical.

7. Will changes in enforcement be helpful?

- I am not sure that transfer of litigation authority to the Copyright Office will make prosecution that much swifter; not only mandatory deposit but all cases proceed slowly in the U.S. courts.
- There are problems with taking the job over from Justice since there is only one Copyright Office. This is a big change and may require branch copyright offices at considerable cost.
- The Justice Department would surely not favor such a change.

MEMORANDUM

August 6, 1993

date:

to: Dorothy Schrader
Copyright Office General Counsel

from: Laila Mulgaokar, Chief *LM*
Copyright Acquisitions Division

GENERAL COUNSEL
OF GOVERNMENT

AUG 6 1993

via:

subject: Barbara Ringer's Draft Memo

RECEIVED



LIBRARY
OF
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Please find attached my response to Barbara Ringer's draft memorandum concerning a system of legal deposit for the Library of Congress. There are two parts to my response:

- 1) General comments which primarily address the section on "Making Legal Deposit Effective" of the report, and
- 2) My handwritten comments on the draft itself. Comments are found on pages 2, 3, and 17 through 23.

Don't hesitate to call if you have further questions.

LM/db

Attachments

cc: Winston Tabb
Mary Price

COMMENTS ON BARBARA RINGER'S DRAFT RE: DEPOSIT UNDER 407
by Laila Mulgaokar, Chief, Copyright Acquisitions
August 6, 1993

1. Adjust the statute to:

- (a) Allow for the claiming of a publisher's output while leaving in the option of claiming individual works.

Exempt publishers whose output is not of interest to the Library.

Although we often do "batch demands" by listing several titles in one demand letter, we find that when we establish an informal relationship with a publisher on the telephone and ask for everything listed in his catalog which had not yet been deposited or registered the payoff is substantial, not only at the time of the "request" but also through the successive years.

The statute should make allowance for substantial penalties for every title not automatically deposited within three months of publication. However, the penalties would be applied only if the title were truly needed for the Library's collection, and the claimant repeatedly refuses to deposit. These guidelines currently exist for referral to DOJ.

- (b) Allow for claiming from a distributor, not just the exclusive distributor.

We are running into more and more problems with identifying the "exclusive" distributor as the patterns for distribution keep changing, not only for imported works but increasingly for American publications also.

2. Offset harshness of statute by promoting atmosphere of cooperation with the publishing industry. Always seek to diffuse confrontational situations before they arise; talk to the claimant, put a "personal touch" on the notice for mandatory deposit that follows in the mail. This is currently the operating procedure in the Copyright Acquisitions Division. Some examples:

- (a) In the area of controversial formats, supplement the statute by negotiated agreements, such as the one with the Information Industry Association for the use of CD ROMS deposited under 407 and 408.
- (b) Emphasize to the publishing community the substantial advantages to be derived by having their works cataloged by the Library.

If their works are not received in the Library, and therefore not selected for the collections, their presence will not be known to the thousands???hundreds??? of libraries who purchase the Library's data bases.

3. It is incorrect to conclude the productivity of the demand process by dividing the number of titles received annually in response to demands issued by the number of staff issuing the demands.

Works deposited or registered voluntarily is the most cost-effective method of acquiring a work, and that is what our demands often lead to.

We have conducted studies which demonstrate that, having once received a demand, publishers continue to deposit or register works voluntarily. While this is indeed truer of serials than of monographs, the perception that publishers of individual works always wait for a demand is incorrect.

Informal contacts with publishers result in hundreds of titles being sent into the Copyright Office which the Copyright Acquisitions Division does not figure into its statistics.

4. If mandatory deposit is to become a major source of acquisitions for the general and special collections of the Library and cease to be a mere complementary adjunct to copyright registration and deposit, the following will be required:

- (a) **A study (including statistics) of its ongoing contributions to the Library's acquisitions scenario. Although studies of 407 have been completed by the Copyright Office several times in the past two decades, they have not been focussed on the acquisitions angle vis-a-vis the Order, Exchange and Gift and Cataloging in Publication Divisions.**
- (b) **A significant change in the Library's allocation of human, automated and financial resources, which may be found in savings resulting from the elimination of redundancies and the improvement of business processes, including the contracting out to vendors to supply bibliographic data and the deposit of 407 materials.**

DRAFT

TO: Members of the ACCORD

Annotated by Laila Mulgaokar,
August 6, 1993

FROM: Barbara Ringer

Comments & Suggestions Concerning a
System of Legal Deposit for the
Library of Congress

I am writing this memorandum as a member of ACCORD and not as Co-chair. At our meeting on July 13, Bob Wedgeworth made an intervention in which he said that the issues of copyright registration (including deposit and the making of a copyright record) and deposit of material for the collections of the Library of Congress are two different but closely-related things. He felt that we cannot adequately study alternative incentives to sections 411(a) and 412 without also studying section 407 and how it works now or could be made to work better. (I'm attaching a lightly-edited transcript of his remarks as Tab A).

Bob recommended that we undertake some in-depth studies of issues specifically raised by section 407 immediately. I agree with everything he said except the immediately. Our resources are spread very thin and the immediate time constraints on us to deal with sections 411 and 412 are overwhelming.

After considering the later ACCORD discussion of section 407 on July 13 in the context of alternatives to 411 and 412, the Oakley-Diner-Fern paper (No. 1), some scholarly writings about section 407 and legal deposit systems throughout the rest of the world, and after some discussions inside and outside the Library of

Congress and a good deal of thought, I've reached two conclusions about this:

- (1) in-depth studies of legal deposit, divorced from copyright, are essential but cannot be undertaken between now and September 1; and
- (2) right now we need to stimulate some thinking about ways a system of legal deposit for the Library of Congress could be instituted or restructured, as a complement or partial substitute for copyright deposit.

Obviously we can't reach conclusions about 407 now and do the studies later. But I think at our next meeting we might be able to get a general idea where legal deposit for the Library is headed, and plug this into our thinking about 411 and 412. With this in mind, I decided to put some of my preliminary thoughts down on paper.

There is a tendency on the part of some -- perhaps most -- people in the Library of Congress to look on section 407-type mandatory deposit as fundamentally unworkable and to dismiss it as nothing more than a minor adjunct to LC's acquisitions resources.

I don't share that view any longer. I agree that voluntary, induced deposit for copyright registration, together with gifts (for preservation, charitable purposes, etc.), exchanges, and

This is much less true now than it was in the first five years after 1/78.

purchase, should remain the principal sources of collection development. I also agree that mandatory deposit will not support huge and important special collections traditionally built upon deposits for copyright registration, notably unpublished materials and motion pictures. I am also increasingly impressed with the extreme delicacy of exercising any kind of demand power with respect to foreign works because of the problems it presents with respect to trade negotiations concerning copyright and other intellectual property, and the danger of various forms of retaliation by other countries that could cost the Library and the United States a good deal more than they might gain. At the same time, I am convinced that a system of mandatory deposit under an amended section 407, if carefully established and energetically administered, could be a tremendous addition to the Library's collections resources.

We have been successful in demanding and receiving significant amounts of foreign works.

Fully agree

properly financed

It now seems clear that section 407, as amended in 1988, raises legal, and perhaps constitutional, problems, and that, in practice, it is not working as effectively as it could. As I see it we have two tasks here:

First, to consider alternative means for making a system of mandatory deposit for the Library of Congress as legally effective and constitutionally invulnerable as possible;

refusal unless the prospective depositor volunteers, without being asked or prompted, that it has no interest in claiming or enforcing copyright;

3) Pursue all cases of refusal unless the work is a non-U.S. Berne Convention work.

Whatever policy is adopted for the present it should be applied consistently and announced publicly. In considering possible future changes there are two propositions that should be borne in mind:

First: Critical to the constitutionality of section 407 under the Fifth Amendment is the benefit of copyright under the opening phrase of Article 1, section 8, clause 8. It would be a serious, perhaps fatal, mistake to divorce mandatory deposit for the Library of Congress from the overall copyright system. However to bolster the "benefit conferred" argument in cases where the depositor has no interest in copyright protection, the Library should strengthen and formalize the entry of information about all works deposited under section 407 in a national database. Having information about a work available on line from the Library of Congress can be a valuable asset in business, licensing, and various non-monetary endeavors. This, coupled with automatic copyright protection, would probably be enough to provide an "offsetting benefit" in exchange for the taking of private property under section 407.

Yes —
Enter 407 records into HLLMS and ACQUIRE data bases directly, instead of first in Copyright Office and then again (for those selected) in the Cataloging microfilm.

Second, one way out of the dilemma presented by the Berne Convention's prohibition against deposit as a condition of copyright protection would be to refrain from demanding or enforcing section 407 against Berne works, even if published in U.S. editions, as a matter of administrative practice. A surer, though unattractive, way would be to write the practice into law, in effect creating another two-tier provision under which the demand provision of section 407 would be made inapplicable to non-U.S. Berne works.

No —
 Too much
 valuable
 material
 would
 be "out of
 bounds".

PART TWO: MAKING LEGAL DEPOSIT EFFECTIVE

Assuming that the constitutional and legal problems can be surmounted and that administration of section 407 in some form or other can be firmly seated in the Copyright Office, in the Library of Congress, or both, there are some fundamental questions to be answered. Should mandatory deposit continue to be a mere complementary adjunct to copyright registration and deposit? Or should it become a major source of acquisitions for the general and special collections of the Library of Congress? And for the special collections of other federal and non-federal research libraries as well?

My own feeling is that the Library of Congress is now missing a wonderful opportunity, and that the wise investment of time, money, and staff now being devoted to less productive work would pay enormous dividends, and not just in the acquisition of artifacts.

The following sketchy, random, and in some cases probably cockeyed ideas are intended to get us thinking about all this, with the hope that ACCORD can make specific recommendations to the Librarian somewhere along the line.

1) Establish databases of U.S. publishers and disseminators of all types of material LC collects or would like to collect. (I'm sure these exist, but they would need to be brought together and coordinated).

2) Working from these databases (or a single

*A machine
match up
would be very
effective, but
would require
a reallocation
of resources &
reordering of
automation
priorities.*

coordinated database) and the automated records of copyright registration, determine: 1) those publishers/disseminators who are not depositing for registration; and 2) among those, the publishers/disseminators whose works the Library feels should be included in its collections. Establish a system for keeping these data up to date. Establish target priorities for contacting potential depositors.

Being done now as resources allow by staff of Copyright Acquisition Division

3) Work out a full-scale, phased educational program to inform potential depositors of their legal obligations (and their obligations as citizens), and the (possible) advantages to them to complying voluntarily and automatically, without demand. Provide software to show the response in each case (e.g. deposits; correspondence; initial deposits and then nothing; deposits of only some works; no deposits). Follow through in every case.

Being done now as resources allow, under auspices of the Collections Policy Committee

4) Set up a permanent interdepartmental structure within the Library under which every general and special collection (including the copyright deposit collection) is surveyed regularly and in detail, to determine: 1) lacunae that could be filled under section 407; 2) dross that could be shared with other libraries rather than pulped. Require regular reports on the work of this body to the Librarian and the Congress. Keep full and accurate statistics.

The Exchange and Gift Division does this in one fashion or another

5) Initiate and participate actively in setting up a nationwide consultative body consisting of representatives of other libraries, information suppliers, and copyright owners,

aimed at setting up a system of sharing copyright and 407 deposit copies, trading them for other material, setting up a nationwide digital network showing what is available and, after copyright licenses have been worked out fully and in detail, actually transferring works electronically. Before doing any mass pulping or otherwise destroying deposits, publicize their availability to other research facilities and work out efficient procedures for gift or exchange.

Definition??

6) Work out fully rationalized policies for demanding deposits, and make the practices conform to the policies. (Some of these policies should apply equally to voluntary deposits for copyright registration). For example:

This is done always with every demand issued

a) Do everything possible to induce voluntary deposit, with demand, within the three-month period provided by section 407, but work individually with depositors to avoid their sending material that will not be used for LC or other research collections or exchange.

We don't issue demands for works that we know LC will not retain and close out the demand in the rare instance that we have inadvertently done so.

b) After the three-month period, never knowingly demand materials the Library of Congress or other depository libraries do not want and will not keep.

c) Where time of deposit is a major factor in either the Library's or the depositor's concerns (newsletters are good examples), try to negotiate an agreement under which these concerns are met. For instance, depositor could agree to make early deposit

We already do this, especially for high cost business reports such as market forecasts

which could be used to meet immediate reader demand as well as permanent scholarly and archival uses; in return LC could agree to prevent mechanical reproduction for a stated period and could also agree to pay for a certain number of additional subscriptions.

*Always done
Special relief
is always
offered up
front for
some
materials*

d) Where the making of deposits is exceptionally difficult or burdensome for any of a variety of reasons (e.g., monetary value, physical characteristics, need for secrecy, need for measures assuring that deposit will not impair depositor's market; lack of multiple copies to deposit, etc.), LC should negotiate individually with the depositor. (The motion picture agreement, though badly out of date and inapplicable to television and most other types of works, does provide a precedent, and there are now on-going negotiations with producers of optical disks.)

*we do a
combination of
cajoling and
demanding
and have
been highly
successful.*

e) With respect to foreign works LC should rely primarily on persuasion with foreign publishers/distributors, and on bargaining for exchanges with foreign libraries rather than the demand power.

Aside from the Berne Convention problems discussed above, the disastrous effect of aggressive demands in this area on foreign trade negotiations, together with the very real threat of retaliation and the general bad will these activities generate, hardly make the game

*Perhaps I'm
mistaken —
but this is not
my impression
in a day to
day context.
Retaliation has
long been talked
of but in 15 years
has not
materialized.*

worth the candle. Particular outrage has been directed at demands based, not on publication of an American edition, but on the existence of individual American subscriptions to periodicals and individual American imports of foreign editions.

*Being done
now*

7) Work out a detailed procedure for cataloging mandatory deposits under section 407, keeping complete statistics on their receipt and disposition (within LC or elsewhere), and assessing their monetary value. The cataloging in this area should be rudimentary and not related to copyright as such, but it should enable the public to identify the work and its author and publisher/distributor, and provide an address or number where inquiries could be directed. These records should be compiled separately and put on-line as soon as possible, without a lot of caressing. The depositor would not be required to do or pay anything for this service, but in many cases the service would be of substantial commercial or psychic value to the depositor and, as noted above, could serve as part of the needed constitutional quid pro quo. In a way it could serve as the lower tier of the possible two-tier registration system that has been discussed sporadically since the days of David Ladd. Deposit and copyright registration would continue to provide an examination process and full information to the public, prima facie evidence, and the

*Will need
additional
resources.*

WORKING PAPER #12

MEMORANDUM

Goldstein, Paul
August 4, 1993

TO: Barbara Ringer
Robert Wedgeworth

FROM: Paul Goldstein

DATE: 4 August 1993

RE: Deposit Rationale

This memorandum responds to Bob's request for some thoughts on a rationale for the deposit requirement. The thoughts that follow center on a general rationale that could encompass both section 407 and 408 deposits.

I can think of no better starting point for a rationale than one that Raya suggested to me in the course of a lunchtime conversation: the deposit requirement comes within Congress' power under Article 1, §8, cl. 8 "to promote the progress of Science and Useful Arts, by securing for Limited Times to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries." I believe that resting a rationale on the constitutional copyright power has both formal and substantive advantages.

Formally, the advantage of resting the deposit rationale on the copyright power is that it explains the presence of the deposit requirement in the Copyright Act rather than in the Library's organic act. The substantive case for the rationale is even more appealing. A central premise of copyright law is that all creative works draw and build on the works that precede them. This presupposes that works will be available for study and reflection. The marketplace is a woefully unreliable repository of works, and a national library is the best single guarantor of

sustained access to the documents of world authorship. While deposit cannot be imposed as an incident of copyright, it can be imposed as an incident of authorship -- each author replenishing the store from which he or she has drawn.

Probably the most compelling objection to this rationale is that the deposit requirement is presently disconnected from the "exclusive Right" contemplated by the Constitution and, of course, our adherence to Berne forbids us from re-connecting it. Specifically, the objection runs, the Constitution authorizes a private law mechanism designed to encourage the production of works, and not a public law mechanism designed to subsidize the Library's collections.

A deposit requirement may also be attacked as a like-kind tax on a particular industry. However, many industries -- admittedly, though, few as central as the copyright industries to traditions of free expression -- bear singular taxes, and the fact that the tax is paid in kind, rather than in cash, is immaterial. I give even less weight to the argument that the rationale for a deposit requirement, though sustainable in the case of deposits to a national library, does not apply to the Library of Congress. While the Library of Congress is not a national library in a formal sense, it does, I believe, function as our national library.

The success of the affirmative rationale for a library deposit requirement will turn as much on the practicalities of the requirement's implementation as on its innate logic. Four examples will explain what I have in mind.

First, there was some talk at our last meeting that one way to increase section 407 deposits in a world of shrinking section 408 deposits would be to enlarge the sanctions for noncompliance. I think that would be a serious mistake. The fines for

noncompliance are already substantial; to increase them would only expose section 407 to a far more serious argument that it constitutes an unfair tax on the operations of a particular industry.

Second, even as presently structured, section 407 places a particularly onerous burden on creators of published works of visual art, either in individual or multiple form. While section 407(c) gives the Register discretion to exempt such works from the deposit requirement, partially or completely, it might be better to carve out this exemption in the Act itself. A fairly simple and effective framework for such an exemption exists in section 101's definition of a "work of visual art;" resting the exemption on this definition would give the Act a logical coherence that it sorely needs.

Third, as Barbara has mentioned more than once, we need to look ahead to a world in which works may be deposited in digital form as a matter of course. Although I have not peered deeply enough into the future to speculate on what form such deposits might take, or what burdens they might impose, I think it fair to expect that digital deposits will relax, rather than heighten, the burdens of deposit.

Finally, a decision will need to be made at some point on the extent to which the case for Library deposit should be rested on the "dwarf standing on the shoulders of a giant" rationale elaborated above, and the extent to which it should be rested on the exigencies of the examination-registration process. For example, if Congress drops section 411(a), the deposit-examination rationale may wither. (Registration for purposes of establishing a title record may retain some residual importance for deposits, and this needs to be considered.)

Once again, inquiry into the registration and deposit requirements leads us back to the question of Copyright Office examination. Although there is much anecdotal evidence that the examination process is not working well, I have the increasingly uncomfortable feeling that the anecdotes reported by the lawyers sitting around our table may in fact be pathological cases, and that, in general, it may turn out that the examination process serves registration applicants well. Against the likely event that Congress is unable to act on H.R. 897 and its Senate counterpart by the end of the present Session, would it make sense to think about arranging for an independent, factual analysis of the copyright examination process before we make any recommendation that may have an impact on it?

Best wishes.

Emery Simon
2001 L Street NW
Washington, D.C. 20036

WORKING PAPER #13

Simon, Emery
August 6, 1993

August 6, 1993

To: Barbara Ringer
Robert Wedgeworth
Co-Chairs,
Advisory Committee on Copyright Registration and Deposit

From: Emery Simon 

Subject: Practices of the U.S. Customs Services and the Role of Copyright Registration.

In response to the ACCORD request for additional information on the practices of the U.S. Customs Service, discussions with Customs officials, and other experts on border enforcement, reveal the following:

As a general matter, Customs prefers to take action -- stop a good from entering the U.S. -- when the person seeking the action has a copyright registration. The reason is obvious: the registration certificate provides a degree of certain that Customs will not be engaged in a wrongful act. But having a copyright registration is never an absolute precondition for Customs action.

Customs treats differently U.S. and foreign right holders because our law treats them differently. Taking first the case of a U.S. right holder with information about an impending shipment of infringing product, when that U.S. citizen asks Customs to stop a shipment, Customs will request evidence of copyright registration before taking action. If the person has not registered, Customs will ask the person to obtain a registration. Alternatively, if the person making the request is *not a U.S. citizen*, Customs will not require evidence of registration. Instead, Customs will accept a sworn statement about the validity of the copyright. This result is curious, since a foreign national has a substantially easier time getting Customs action than a similarly situated U.S. person. The U.S. citizen is not totally out of luck: in extreme cases, e.g., the shipment is to arrive within 24 hours and there is not enough time to obtain a registration, Customs will act on the basis of an affidavit.

Customs also has the power to act without a petition. Customs maintains an automated database containing about 6,000 copyrighted works. There is a clear advantage to being on the database. For example, when a customs inspector finds a suspicious shipment, if he finds the work listed on the database, he will deny entry to the shipment without any prior request by the copyright holder. To become part of the database, however, a U.S. citizen must provide evidence of copyright registration. Once again, foreigners are at an advantage: because they are not required to register their works in the U.S., they can be placed on the database by merely providing an affidavit to Customs.

Customs can detain a shipment even if the work does not appear on their database. If an officer suspects infringement, and the work is not on the database, the officer has the right to detain the product for up to 30 days. Customs will then ask the copyright holder for information about the status of their copyright and whether they believe the work is infringing. If the copyright holders answers by stating they believe import is infringing, Customs will hold the shipment for an additional 30 days. Here too, Customs generally requires a registration certificate from U.S. citizens, and merely an affidavit from foreigners.

Although Customs presses U.S. copyright holders to provide a certificate of registration before Customs acts, in most instances, when time is of the essence, they will act to interdict unregistered works if the right holder provides an affidavit stating ownership of the right. Thus, as a practical matter, a registration certificate is never required of foreign nationals, and often it is not necessary for U.S. citizens.

With respect to other countries, only a few empower their Customs officials to stop importation of copyrighted works without a court order. Some examples are Korea, Taiwan, Canada (only for books) and some European countries. My admittedly imperfect research reveals that in all these countries their customs service will not demand a national copyright registration.

Enforcement at the border of copyrights has been the subject of discussions in a number of international fora. The GATT agreement on intellectual property, contains extensive provisions on border enforcement. Under its terms, Parties are required to have mechanisms enabling copyright owners to petition local customs officials to detain infringing goods. The TRIPs obligations neither require nor prohibit copyright registration as a precondition for border enforcement. The NAFTA agreement contains analogous provisions. Also, it is likely that a protocol to the Berne Convention would contain similar provisions.

Finally, I asked Customs and others knowledgeable about border enforcement, about the importance of copyright registration. I asked... if copyright registration were eliminated, would it have an affect on the willingness of

Customs to take action, and the effectiveness of those actions? The consensus appears to be that elimination of registration would have very little, if any, impact. Their reason was that Customs already relies on affidavits for foreign authors, and in many cases for U.S. authors as well. Thus, registration certificates play only a limited role.

If the group has an interest, I can ask one of the Customs officials expert in this area to attend our next meeting.

**Traphagen, Mark
August 2, 1993**

**AWARDS OF STATUTORY DAMAGES
UNDER SECTION 504 OF THE 1976 COPYRIGHT ACT**

**Report to the Librarian's Advisory Committee
on Copyright Registration and Deposit
(ACCORD)**

**by Mark Traphagen
August 9, 1993**

Once copyright owners succeed in proving infringement, they must meet significant evidentiary requirements before obtaining monetary recovery of actual damages and profits pursuant to Section 504(b) of the 1976 Copyright Act. To help copyright owners avoid the difficulty and expense of proving actual damages and profits, Section 504(c) gives prevailing copyright owners the right to elect an alternative award of statutory damages.

Section 504(c)(1) provides for courts to award statutory damages ranging from \$500 to \$20,000 for each work infringed in cases of "ordinary" infringement, in which the infringer's acts were neither willful nor innocent. Section 504(c)(2) permits courts to increase awards to as much as \$100,000 for willful infringement, to decrease awards to as little as \$200 for innocent infringement, and to remit awards of statutory damages entirely for certain specific infringements.

The usual rationale for statutory damages is, as one commentator observed, that:

[B]ecause actual damages are so often difficult to prove, only the promise of a statutory award will induce copyright owners to invest in and enforce their copyrights and only the threat of a statutory award will deter infringers by preventing their unjust enrichment.

2 P. Goldstein, Copyright Section 12.2 (1989) (hereinafter "Goldstein").

While there is a recurring sympathy in the legislative history and the case law for these aims, competing rationales limit the ability of copyright owners to recover statutory damages. The most important, of course, is the view that copyright registration is desirable. H.R. Rep. No. 1476, 94th Cong., 2d Sess. 158 (1976) (hereinafter cited as "H.R. Rep.>").

This rationale is expressed in Section 412, which makes copyright registration a prerequisite for electing statutory damages¹. Statutory damages are limited to those registered in the U.S. Copyright Office before they are infringed, with the exception of works registered no later than three months after publication. Without such registration, copyright owners cannot elect statutory damages under Section 504(c), and are limited to monetary recovery in the form of actual damages and the infringer's profits.

To justify limiting statutory damages to works registered before infringement, Congress emphasized that Section 408(a) of the 1976 Act abolished compulsory registration to protect published works, and Section 104(a) extended statutory protection to unpublished works. See H.R. Rep., at 158. In light of these changes, Congress considered registration "useful and important to users and the public at large," and sought practical inducements for copyright owners to make public records of their claims. Id. Congress thought registration would be encouraged if it were made a prerequisite for the special remedy of statutory damages. Id.

¹ Statutory damages are also available in Mexico, where copyright registration is compulsory. Federal Law on Author Rights of 1956 (mod. by Decrees of 1963 and 1981), Art. 119 and 156.

Congress also justified making registration a prerequisite for statutory damages in 1976 by observing that Section 504(c) would not narrow the remedies then available for infringement of unpublished and unregistered works. H. Rep., at 158.

Congress offered no such rationale regarding published works, however, because Section 101(b) of the 1909 Copyright Act already provided for copyright owners to recover "in lieu," or statutory, damages generally ranging from \$250 to \$5000 for infringement of published works. While awards could be varied outside of this range, however, in amounts which "as to the court shall appear to be just," judicial discretion was limited by a schedule of specific maximum amounts that varied with the type of work infringed. See 3 Nimmer on Copyright 14.04[F][1] (1993) (hereinafter "Nimmer"); Goldstein, at 12.2, and cases cited therein. For example,, some courts permitted the infringer's profits to be recovered in addition to in lieu damages. See Peter Pan Fabrics, Inc. v. Jobela Fabrics, Inc., 329 F. 2d 194 (2d Cir. 1964).

Congress has consistently increased the maximum permissible award of statutory damages for both ordinary and willful infringement, but not the generally available minimum award. While under the 1976 Act the minimum statutory award for ordinary infringement remained \$250, as it was under the 1909 Act, the maximum was raised from \$5,000 to \$10,000, and the permissible maximum for willful infringement was raised to \$50,000. In 1989, Congress doubled the maximum amounts for ordinary and willful infringement to \$20,000 and \$100,000, respectively.

These increases may have been spurred by the observation, expressed by the Supreme Court regarding the 1909 Act, that copyright owners are largely unable to recoup the expense of litigation, even if they prove infringement, Douglas v. Cunningham, 294 U.S. 207, 209 (1935).

They also reflect a view that increasing the maximum permissible statutory award "significantly enhances the incentive to registration." S. Rep. No. 100-352, 100th Cong., 2d Sess. (1988).

Whether higher maximum awards do in fact encourage registration is open to question. As one commentator observed:

Given the high cost of litigation and the difficulty in accounting for many copyright profits and losses, one can only wish that Congress had elected to multiply the level of statutory damages five-fold or ten-fold, instead of merely doubling them.

Nimmer, at 14.04[B][1][b] n. 36. It is also open to question whether preserving a statutory minimum as low as \$250 encourages copyright owners to either register or protect their copyrights. While proof of actual damages will not negate a statutory award,¹ courts generally use the actual damages and profits that the copyright owner would have recovered as one benchmark in computing these awards. Goldstein, at 12.2. Section 504(c) does not provide courts with guidance on how to compute awards of statutory damages, and awards within the statutory limits are not subject to appellate review unless discretion has been abused, See e.g., Harris v. Emus Records Corp., 734 F 2d 1329, 1335 (9th Cir. 1984).

When evidence is available, courts "will often try to approximate actual damages and profits when making a statutory damage award." Goldstein, at 12.2.1.1.a. For example, courts will consider the fair market value of the copyrighted work, as well as the copyright owner's lost revenues and the infringer's profits attributable to the infringement. Quinto v. Legal Times of Washington, Inc., 511 F. Supp. 579, 582 (D.D.C. 1981); Boz Scaggs Music v. KND Corp., 491 F. Supp. 908, 914 (D. Conn. 1980).

¹ U.S. law differs in this respect from Israeli law, which precludes statutory damages if actual damages are proven. Copyright Ordinance, 1924, at 3A; Copyright Order (Damages Without Proof of Loss), 1989.

Courts will also limit recovery to the statutory minimum if the copyright owner suffered no real damages and the infringer made little profit from the infringement. Goldstein, at 12.2.1.1.a; see, e.g., Reader's Digest Ass'n. Inc. v. Conservative Digest Inc., 642 F. Supp. 144, 147 (D.D.C. 1986), aff'd, 821 F. 2d 800 (D.C. Cir. 1987); Doehrer v. Caldwell, 207 U.S.P.Q. 391, 393 (N.D. Ill. 1980).

A second benchmark used by courts is the need to compute a statutory award that will deter copyright infringement. Goldstein, at 12.2. Courts emphasize that such awards must be "of sufficient magnitude to act as an effective deterrent . . . The degree to which an award of statutory damages 'smarts' the offender depends, in part, upon the offender's size and ability to absorb economic punishment." RCA Records v. All-Fast Systems, Inc., Copr. L. Rep. 25,843 at p. 19,858 (S.D.N.Y. 1985). For example, an award of \$275,000 for infringement of seven comic strip characters was made to provide "restitution of wrongfully acquired gains to prevent unjust enrichment of the defendant, reparation for injury done to plaintiff, and the deterrence of further wrongful conduct." United Features Syndicate, Inc. v. Sunrise Mold Co., 569 F. Supp. 1475 (S.D. Fla. 1983).

In addition to these benchmarks, courts rely on the infringer's conduct and state of mind to compute statutory awards. For example, when there is evidence of the infringer's misconduct (falling short of willfulness), courts have made awards at the high end of the permissible range for ordinary infringement. Goldstein, at 12.2.1.1.b.

Moreover, awards outside the range for ordinary infringement are permitted if the infringement was committed willfully. Section 504(c)(2) gives courts the discretion to increase statutory damages awards to as much as \$100,000, although they are not required to do so.

N.A.S. Imports Corp. v. Chenson Enters., Inc., 968 F. 2d 250, 253 (2d Cir. 1992). The 1976 Act does not define "willfulness" in the context of statutory damages, but while it requires proof of more than mere intent to copy, it does not require proof of malice. Nimmer, at 14.04[B][3]. Instead, willfulness is shown if "the defendant knew, had reason to know, or recklessly disregarded the fact that its conduct constituted copyright infringement." Goldstein, at Section 12.2.1.2.a (1989); Nimmer, at 14.04[B][3]. The size of an award "tends understandably to escalate, in direct proportion to the blameworthiness of the infringing conduct. Milene Music v. Gotauco, 551 F. Supp. 1288, 1296 (D.R.I. 1982).

For example, willfulness meriting an increased award of statutory damages has been found where the infringer had been notified by the copyright owner that the copying was infringement, and had no reasonable good faith that copying was permitted. See Peer Int'l Corp. v. Pausa Records, Inc., 909 F. 2d 1332, 1336 (9th Cir. 1990), cert denied, 111 S. Ct. 1019 (1991) (awarding \$ 4 million for infringement of 80 works). Willfulness has also been inferred from the infringer's previous infringements of other works. See N.A.S. Imports Corp. v. Chenson Enters., Inc., 968 F.2d at 252; Lauratex Textile Corp. v. Allton Knitting Mills, 519 F. Supp. 730, 733 (S.D.N.Y. 1981). Courts have thus increased statutory damage awards to the maximum for repeat offenders, while typically making much smaller awards for willful but less culpable infringers. Compare United Features Syndicate, Inc. v. Spree, Inc., 600 F. Supp. 1242, 1247-1248 (E.D. Mich. 1984), appeal dismissed, 779 F.2d 53 (6th Cir. 1985), with Camaro Headquarters, Inc. v. Banks, 621 F. Supp. 39 (E.D. Pa. 1986).

While this focus on the infringer's state of mind in computing increased statutory damage awards may give some awards a punitive flavor, Section 504(c)(2) balances this by

imposing a fixed maximum award, and by providing ample opportunity for courts to reduce awards below the ordinary range, or to require complete remittance, based on the infringer's status and state of mind. The fundamental intent is that "courts should be given discretion to increase statutory damages in cases of willful infringement and to lower the minimum where the infringer is innocent." H.R. Rep., at 162.

For example, Section 504(c)(2) permits courts to reduce statutory damages to as little as \$200 "where the infringer sustains the burden of proving, and the court finds that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright." Congress believed this provision offered "adequate insulation to users, such as broadcasters and newspaper publishers, who are particularly vulnerable" to infringement suits. H.R. Rep., at 163. Congress intended "to protect [defendants] against unwarranted liability in cases of occasional or isolated innocent infringement," and thought a \$200 award was "a realistic floor for liability" that "would not allow an infringer to escape simply because the plaintiff failed to disprove the defendant's claim of innocence." H.R. Rep., at 163.

This provision may not accomplish either stated goal because the minimum award for innocent infringement differs so little from the minimum award for ordinary infringement. Goldstein, at 12.2.1.2.b. Rarely will infringers consider the expense justified to prove not only that they were unaware that their copying was infringement, but also that they had no reason to believe they had infringed. Id., citing Broadcast Music, Inc. v. Lyndon Lanes, Inc., 227 U.S.P.Q. 731, 733 (W.D. Ky. 1985) (refusing to reduce statutory damages because defendants did not prove they had no reason to believe they had infringed copyright, even though they had willfully

copied plaintiff's work). On the other hand, a judgment of \$200 is unlikely to be a realistic deterrent to infringement, or an inducement for copyright owners to assert their rights.

Moreover, Section 504(c)(2) completely precludes courts from awarding statutory damages for some infringements by teachers, librarians, and public broadcasters. Because Congress believed these parties present a "special situation" under copyright law, H.R. Rep., at 163. Section 504(c)(2) requires that statutory damages be completely remitted if they "believed and had reasonable grounds for believing that his or her use of the copyrighted works was fair use under Section 107." Moreover, while Section 504(c)(2) does not expressly assign the burden of proof, Congress intended it to rest on the plaintiff, an unusual choice that clearly underscores an intent to insulate these uses from statutory damages. See H.R. Rep., at 163.

To conclude, only the promise of a statutory award will induce copyright owners to invest in and enforce their copyrights in many cases. Even though Congress has raised permissible maximum limits several times, the Committee may wish to consider whether the minimum award of statutory damages is too low. As discussed, the statutory minimum of \$250 is often awarded where actual damage is nominal, and may be reduced further for innocent infringers and teachers, librarians, and public broadcasters. The Committee may also wish to consider whether raising the statutory maximum actually encourages registration when courts rely so heavily on evidence of actual damages and profits, as well as the infringer's misconduct or willfulness, in making higher awards. Finally, the Committee may wish to examine whether the underlying rationale of statutory damages, namely encouraging copyright enforcement and deterring copyright infringement, would be better served if registration were no longer a prerequisite.

MEMORANDUM

TO: Art Levine
Accord Task Force

FROM: Mark Traphagen

CC: Barbara Ringer
Robert Wedgeworth

DATE: August 2, 1993

RE: Enhanced Statutory Damages for Registered Marks

The task force is not the first to consider enhanced damages as a way to encourage registration of copyrighted works. For example, the Berne Convention Implementation Act doubled the range of statutory damages available for infringements of registered works, a change the Senate believed "significantly enhances the incentive to registration." S. Rep. No. 100-352, 100th, Cong., 2d Sess., (1988), pp. 46-47 (see 5 Nimmer on Copyright Appendix 35).

The multiplier being considered by the task force has been used in trademark law to differentiate awards between actual awards and profits for registered and unregistered marks. For example, Section 35(a) of the Lanham Act, 15 U.S.C. 1117, gives a court the discretion to award as much as three times the actual damages suffered from infringement of any mark. For infringement of a registered mark, however, Section 35(b) does not permit, but rather requires, a Court to enter judgment for three times actual damages or profits, whichever is greater, unless extenuating circumstances exists.

It may be difficult, however, to require courts to use a multiplier for statutory damages because these awards are largely discretionary, and Courts may require guidance in the absence of extensive proof. Instead, perhaps the minimum award of statutory damages for infringement of a registered work should be set substantially higher than the current floor of \$500. By providing a minimum statutory recovery of perhaps \$5,000 or \$10,000, registration would be encouraged, and infringement deterred. While this would restrict some of a court's discretion, this has been done before in Section 504(c)(2), which requires complete remittance of statutory damages for certain copyright infringements.

**CHARITABLE CONTRIBUTIONS TO
THE LIBRARY OF CONGRESS**

**Morris, Marie
August 12, 1993**

**Report to the Advisory Committee on Copyright
Registration and Deposit**

**By Marie Morris
Legislative Attorney
Congressional Research Service
Library of Congress**

August 12, 1993

The Internal Revenue Code provides taxpayers who itemize their deductions on their federal income tax returns a deduction for contributions to certain types of organizations, including the Library of Congress. The tax deduction is codified in section 170 of the Internal Revenue Code.

For individuals who itemize and cash-basis businesses, the deduction reduces adjusted gross income for the tax year in which the contribution is made. Corporations on the accrual basis may deduct certain contributions made within two and a half months after the end of the tax year as well as those made during the taxable year.

To be eligible for the deduction, the taxpayer must make a gift or contribution to or for the use of certain organizations. The Library falls within the category described in IRC § 170(c)(1):

(1) A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.

Corporations may not deduct more than roughly 10 percent of their taxable income as a charitable contribution deduction in any particular year. Individuals' annual charitable contributions to organizations such as LC may not exceed 50 percent of their contribution base, which approximates adjusted gross income. For both corporations and individuals, excess contributions in a particular year generally may be carried over to the five succeeding taxable years.

In determining whether to allow the charitable contribution deduction, the IRS has to consider four elements:

- (1) Was a gift made?
- (2) When was the gift made?
- (3) Was the donation made to a proper recipient?
- (4) What is the proper value of the gift for tax purposes?

Gifts to the Library do not raise questions about the legitimacy of the recipient; however, each of the other questions may reveal stumbling blocks to a taxpayer's receiving a deduction.

Was a gift made?

A gift is a voluntary transfer of money or property arising from the disinterested generosity of the donor. If a transfer is more like a sale or exchange, if the transfer looks more like payment for services rendered, if the benefits to the donor outweigh the benefits to the donee, or if the transfer is not actually completed under state law, no gift is made for tax purposes. *Transamerica v. United States*, 902 F.2d 1540 (Fed. Cir. 1990), illustrates the principle that if the donor receives a substantial benefit, a deduction may not be allowed. *Transamerica* involved the United Artists-Transamerica "gift" of its nitrate-based film library to LC in 1969. The agreement between the parties provided that the Library would convert the nitrate-based film onto safety stock to make preservation preprint material and prints. These materials would become property of the Library. LC was obligated to store, care for, and maintain the property at its own expense. Transamerica reserved the right of commercial exploitation, reproduction, and copyright. Except for certain provisions for scholarly study, Transamerica and the University of Wisconsin had exclusive access to the film collection. The courts reviewing this case found that the benefits received by the taxpayer were substantial, and thus there was no deductible gift to the Library.

In some cases a taxpayer may claim a deduction for the difference between a payment to a charitable organization and the market value of the benefit received in return on the theory that the payment has a "dual character" of both a purchase and a contribution. This is true only if (1) the gift exceeds the market value of the benefit received and (2) the excess payment is made with the intention of making a gift. An example might be spending \$250 to attend a charity dinner. See Rev. Rul. 67-246, 1968-2 CB 104. In the *Transamerica* case, the taxpayer failed to prove that it had made a gift in excess of the value of the benefits that it received.

Generally, only gifts of complete interests in property are deductible.¹ A complete interest may be thought of as all the rights associated with owning a particular property. For example, if the donor retains the voting rights to stock transferred to a charity, the donor is not entitled to a deduction. A contribution of a right to use property (e.g., rent-free use of space in a building owned by the donor, or the right to show a movie where ownership of the movie is retained by the donor) is considered a contribution of a partial interest in property and is not deductible. More relevant to LC, IRS regulations, 26 CFR §1.170A-7(b)(1)(i), prohibit a charitable contribution deduction under the income tax when a copyright owner donates an art work to a charity without also donating

¹ Partial interests in property are generally conveyed through trusts complying with the requirements in IRC § 170(f). There are three statutory exceptions permitting deductions for conveying partial interests outside a trust.

all of the copyright.² The regulations contain a specific example disallowing a deduction for a gift of an interest in original historic motion picture films to a charitable organization where the donor retains the exclusive right to make reproductions of such films and to exploit such reproductions commercially. This regulation postdates the gift in *Transamerica*, and the court did not mention the regulation in its analysis.

When was the gift made?

It is fairly easy to determine when a gift of cash is made--generally this will be the day the money changes hands. When a check or credit card is used, there may be questions of timing especially at the end of the tax year. Generally, contributions made by check are deductible on the date the check is mailed, and contributions by credit card are deductible on the date the charge is made.

In certain instances, especially in connection with gifts of property, the gift will not be deemed complete because the taxpayer has retained an interest in the property. Rather than denying a deduction because there was no gift, the deduction will be deferred until the year in which the gift was completed. An example might be a deed of gift of a painting to a charity, where the donor keeps the painting until a suitable display area can be constructed. The deduction would be permitted in the year the painting itself was transferred.

What is the proper value of the gift for tax purposes?

Generally, a taxpayer may deduct the fair market value of property at the time of the donation to charity, but section 170 contains a number of restrictions on charitable contribution deductions. For LC, the most relevant of these restrictions is the "ordinary income" restriction. Deductions for contributions of "ordinary income" property, such as inventory and self-produced works, are reduced by the amount that would have been ordinary income if the self-produced works or inventory had been sold on the day of the gift. Generally, this would mean a book publisher donating a copy of a best seller would receive a charitable contribution deduction equal to the pro-rated cost of publishing the book (*e.g.*, paper, ink, advertising, and royalties), but not a deduction for the fair market value of the book. The rule operates in a similar fashion for donations of self-created works. Thus, artists, authors, and composers donating their own works to LC receive a charitable contribution deduction equal only to their costs of producing the work, not including the value of their time. They may not deduct the fair market value of the work itself.

The purpose of this restriction is to prevent a double tax benefit resulting from both forgoing income from the sale of inventory or self-created work and deducting the value of giving the inventory away. This rule nearly approximates the result of selling the property and donating the income to the charity. To encourage certain taxpayers to continue giving inventory to

² This is not true of charitable deductions for purposes of the estate or gift taxes.

charities benefiting the ill, the needy, and infants, and to encourage certain other taxpayers to donate scientific property used for research, there is an enhanced deduction for contributions of certain inventory roughly equal to the lesser of basis plus one-half the profit from sale at fair market value or twice the taxpayer's basis in the property.

If non-inventory property has become worth less than what the taxpayer paid for it, the taxpayer's deduction is limited to the current fair market value. (e.g., donating used clothing to a homeless shelter, an old master's painting purchased at the top of the 1980's art market given to a museum in the 1990's) If non-inventory property has appreciated in value, taxpayers donating to LC for public purposes, should be able to deduct the fair market value of the gift. These rules would apply to heirs to or collectors of books and works who might wish to donate their property to LC.³

Prior to the adoption of Omnibus Budget Reconciliation Act of 1993, the alternative minimum tax potentially taxed part of the income tax benefit of donating capital gain property to LC or other charities. This acted as a disincentive to make large gifts of appreciated property. For gifts of tangible personal property, the alternative minimum tax provision was repealed retroactive to gifts made after June 30, 1992. For gifts of real or intangible property, the provision is effective for gifts made after 1992.

OBRA 1993 also requires taxpayers donating more than \$250 to an organization to obtain substantiation from the donee organization. This will require donee organizations, including LC, to acknowledge gifts in writing, detailing the amount of cash or describing the property received, to state whether the organization provided any goods or services in consideration for any of the property received, and to provide a good faith estimate of the value of any goods or services, if any, provided to the donor. This acknowledgement must be provided on or before the earlier of the date on which the taxpayer files a return or the due date for filing the return. Regulations may provide exceptions from this requirement.

Tax Provisions to Encourage Deposits to LC

Under current law, copyright deposits are probably treated as ordinary and necessary business expenses under IRC § 162 because the deposits are made in order to receive certain benefits for the business or to comply with the copyright law. If Congress were to change the law to treat copyright deposits as charitable contributions, it is not clear that existing IRC § 170 would provide any additional incentive to make deposits.

³ Taxpayers donating property to a charity which will not use the property in its tax-exempt mission may find their deduction limited to their cost or other basis in the property. For example, if a painting is given to a school for display and study, the use is related to the tax-exempt purpose of the school. The fair market value is deductible. If the school intends to sell the painting and use the money, the use is unrelated to the tax-exempt purpose of the school. Only the taxpayer's basis of the property would be deductible.

The problem with existing law on charitable contribution deductions is that donations of inventory provide only a minimal deduction to the donor--the deduction allowed reflects only the donor's costs, not the fair market value of the gift. Hypothetically, assume a publisher produces a book for \$5, sells it to book stores for \$10, and the book retails for \$25. Under existing law, if the publisher donates the book to LC, it would get a \$5 charitable contribution deduction.⁴ A \$5 deduction would reduce the publisher's taxes by approximately 35 percent of \$5 or \$1.75. If the publisher sold the book to the book store, it would have \$5 of taxable income and pay \$1.75 in taxes, leaving \$3.25 in after-tax profits. If the law were changed to allow the publisher to deduct its wholesale price of \$10 for donating the book to LC, the income tax deduction would be worth \$3.50, more than the publisher would have in after-tax profits from selling the book. If the law permitted the publisher to deduct the full fair market value of the book, \$25, the publisher's tax deduction would be worth \$8.75, again more than the after-tax profits from selling the book.

One of the arguments made in favor of limiting the tax deduction for gifts of inventory was that a taxpayer should not be in a more favorable position from giving something away than it would be in if it had sold the property, and this argument may deter Congress from amending IRC § 170 in a way which would provide additional benefits for donors of copyrighted materials.

If this policy argument is not deemed a bar to amending IRC § 170 on behalf of LC, LC would probably want donors to receive a tax benefit at least as favorable as selling a copy of the work to LC. Some sort of enhanced deduction or a tax credit could have this result. This is likely to be objected to on the basis of revenue loss, and lack of evidence that favorable tax benefits would necessarily cause publishers and similar businesses to change their behavior.

Under existing law, there are provisions granting enhanced deductions for contributions of inventory to encourage certain taxpayers to donate inventory to charities benefiting the ill, the needy, and infants, and to encourage certain other taxpayers to donate scientific property used for research. Under our previous example, the publisher would be entitled to a deduction equal to \$10 (\$5 cost basis plus one-half the forgone gain⁵, or \$15, but this is limited to twice the basis, \$10) providing a tax deduction equal to \$10, and worth 35% of \$10 or \$3.50. Because of the precedent for this type of deduction, a proposal to add LC to the list of beneficiaries of such a provision might be viewed favorably by the Congress. Although the enhanced deduction would be less favorable to publishers than a deduction for the full fair market value, and although it also would offer no behavior-changing guarantees, such a provision would not be unprecedented.

⁴ If the book store donated the book to LC, it would get a \$10 deduction.

⁵ We are assuming the publisher could retail the book for \$25, the same as the book store. So the publisher gives up \$20 of gain by giving the book away.

In addition to charitable contribution deductions, it might be possible to craft a refundable tax credit directed at the same end. A refundable credit would benefit taxpayers who owe little or no income tax, whereas a deduction does not necessarily benefit taxpayers who owe no income taxes.

WORKING PAPER #16

Levine, Arthur J., and
Charles D. Ossola
August 13, 1993

MEMORANDUM

TO: ACCORD MEMBERS
FROM: Arthur J. Levine
Charles Ossola
DATE: August 13, 1993

Barbara Ringer requested that Art Levine chair a subcommittee to attempt to develop further his proposal of July 15, 1993. Present at a meeting on August 2 at the Library of Congress were Barbara Ringer, Arthur Levine, Jon Baumgarten, Fred Koenigsberg, Charles Ossola, Shira Permutter, Stanley Rothenberg, Henry Cohen, Gayle Harris and Charlotte Douglass. The discussion was freewheeling and resulted in several new ideas. No vote was taken, but the following proposals seemed to meet with approval, but not with unanimous agreement. The following is intended as a very general summary of that meeting. This document has not been reviewed by anyone else present at the meeting and is subject to their correction or amplification at our meeting next week.

Fred Koenigsberg, in a letter circulated to ACCORD dated July 21, 1993, suggested making attorneys' fees mandatory if registration precedes infringement (hereinafter "prompt registration"). His suggestion was met with general, but not unanimous, approval provided that the Court had the discretion under extenuating circumstances not to mandate attorney fees.

Stanley Rothenberg proposed that certain costs not now awarded to prevailing plaintiffs could be awarded as an inducement to prompt registration. Those include court reporter's fees, expert witness' fees and accountant's fees (whether as experts or merely as aids in preparing the damage phase of the case). Although Stanley preferred that the award of those costs be discretionary, they could be mandated for timely registrations (with the court allowed to not award them if the court finds "extenuating circumstances") and discretionary if registration has not preceded the infringement. A proposed revised 17 U.S.C. § 505 incorporating these changes follows:

Remedies for Infringement: Costs and Attorney's Fees

(a) In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. The court may award

to the prevailing party as part of the costs (i) a reasonable attorneys' fee, and (ii) court reporter, expert witness and accountant fees incurred by the prevailing party during the civil action.

(b) In any civil action under this title in which the work found to be infringed was registered before the infringement of copyright commenced, or was registered within three months after the first publication if the infringement commenced within those three months, the court shall, unless the court finds extenuating circumstances, award to the owner of the exclusive right infringed a reasonable attorney's fee and court reporter, expert witness and accountant fees incurred by such owner during the civil action.

Among other suggestions made at the meeting which did not seem to meet with quite the same enthusiasm as the above were the following thoughts on "enhanced damages" in the Levine proposal: (1) a higher ceiling for statutory damages above the \$20,000 current limit for unwillful infringements; (2) an elimination of the ceiling for awards; (3) a per act of infringement award as contrasted with the current laws "per work infringed."

Other suggested inducements were (1) increasing the statute of limitations from 3 to 6 years and (2) making liability several rather than joint and several so that statutory damages would be payable by each defendant.

MEMORANDUM

TO: ACCORD Members
FROM: Jon Baumgarten
RE: Section 412
DATE: August 13, 1993

I refer to Art Levine's and Chuck Ossola's memorandum of August 13, and wish to add a few comments:

1. I think Art and Chuck sought to capture the general tenor of an open-ended discussion and, in fact, did so fairly; but I would like to amplify a small bit. I agree that we had a "free-wheeling" discussion that "resulted in several new ideas" as alternative inducements to registration and deposit if Section 412 were eliminated. I also agree that the "proposals" set forth in Art and Chuck's memorandum did not meet with "unanimous agreement;" but I do not know what "approval" means in this context. I voiced skepticism as to the sufficiency of the proposals as effective or meaningful "inducements" in lieu of Section 412, doubt as to the basic wisdom of some, and participated -- I hope helpfully -- in the discussion of all; I believe my reservations were shared to varying degrees by other participants in particular cases.

2. I want to note that I do not understand ACCORD to have in any way -- by vote, sense, consensus, or otherwise -- adopted or endorsed the hypothesis underscored above as a finding, recommendation, or other conclusion. It seems appropriate, as one part of its mission, for a particular ACCORD discussion to accept that hypothesis for the limited purpose of discussing the concept, details, and efficacy of alternative inducements -- I suppose that is inherent in the concept of "alternative." But I do not believe that hypothesis should be taken further or eliminate other considerations that ACCORD has accepted as part of its mission as well. I refer, particularly, to the principles that (i) Section 412 should be retained; and (ii) consideration should be given to any demonstrated inequities of Section 412, as applied, by the exercise of existing regulatory flexibility and, if necessary, technical amendments within the framework of the existing section. Item (ii) was, in fact, addressed in part in the Working Paper on Alternatives, but was not on the table at the subcommittee meeting. I accept that omission as a consequence of the limited time available and limited focus of the meeting; I cannot accept, however, any suggestion that it is academic to consider these points because some consensus or agreement has been reached not to.

WORKING PAPER #17

Chang, Howard
August 4, 1993

Washingtonian Publishing Co. v. Pearson -- Case and Comment

Howard Chang
Legal Department -- Time Warner Inc.

INTRODUCTION

The proposed Copyright Reform Act¹ introduced to Congress this February proposes, inter alia, to eliminate the existing legislation's requirement that the creator register a work with the Copyright Office before initiating any copyright infringement suits and qualifying for statutory damages or attorney fees.² The controversy surrounding statutory formality and competency to sue had previously been deliberated in *Washingtonian Publishing Co. v. Pearson*.³ The copyright law then in effect⁴ denied suit for copyright infringement until copyright had been secured by notice⁵ affixed to the work,⁶ and copies of the work then promptly deposited in the Copyright Office.⁷ However, the Court held that failure to deposit the work promptly did not result in forfeiting of the right to sue for infringement; thus an action became maintainable once the copyright holder complied with the statutory requirements.⁸ In other words, a newly created work was afforded copyright solely by notice, and no deposit was necessary until the proprietor wished to commence a suit for

¹ H.R. 897, 103d Cong., 1st Sess. (1993).

² Copyright Act, 17 U.S.C. §§ 411, 412 (1976).

³ 306 U.S. 30 (1939).

⁴ Act of March 4, 1909, ch. 320, 35 Stat. 1075 (codified as amended in 17 U.S.C. §§ 1-216 (1976) (1909 Act)). The Copyright Act of 1976 replaced the 1909 Act; however, the 1909 Act still applies to works created prior to Jan. 1, 1978.

⁵ Notice consists of either the word "Copyright" or the abbreviation "Copr.," together with the name of the copyright proprietor, and for certain works, the year of publication. § 18 (amended as § 19 of 1909 Act).

⁶ § 9 (amended as 17 U.S.C. § 10).

⁷ § 12 (amended as 17 U.S.C. § 13).

⁸ 306 U.S. at 42.

infringement. The ruling is analogous to the currently proposed legislation and subsequent commentaries on the ruling can provide much insight into the current debate.

THE CASE

Washingtonian Publishing Co. published the December 1931 issue of the WASHINGTONIAN magazine with the statutory notice of copyright.⁹ In August 1932, Liveright, Inc. published for sale a book entitled MORE MERRY-GO-ROUND co-written by Pearson and Allen which contained material substantially identical to the article *The Mills-of the Gods* in the December issue of the WASHINGTONIAN.¹⁰ Washingtonian Publishing then sought copyright registration by depositing copies with the Copyright Office and secured a registration certificate in February 1933.¹¹ It then sued Pearson and Allen¹² for copyright infringement in March.¹³

The trial court's judgment for Washingtonian Publishing was reversed for Pearson on appeal.¹⁴ The court of appeals ruled that because Washingtonian Publishing had failed to deposit

⁹ *Id.* at 33-34.

¹⁰ Leslie H. Gaston, Note, Promptness of Deposit of Copies in Copyright, 8 GEO. WASH. L. REV. 184 (1939).

¹¹ 306 U.S. at 34.

¹² Liveright had been adjudged bankrupt in June 1933. Gaston, *supra*, note 10, at 184.

¹³ 306 U.S. at 34. As an indication of the hostility generated throughout the litigation, the publisher of the WASHINGTONIAN, Marion Banister, had referred to Pearson and Allen as "devils." Letter from Marion Banister (Mar. 9, 1935) (on file with the Manuscript Division, Library of Congress).

¹⁴ *Id.* at 33.

copies promptly as required by section 12 of the statute, the infringement suit could not be maintained.¹⁵ The Supreme Court granted certiorari and reversed.¹⁶

Although the Court did bar action prior to the deposit of copies, it concluded that mere delay in depositing the copies would not destroy the right to sue.¹⁷ Claim of copyright was sufficiently created by publication with a statutory-defined copyright notice.¹⁸ This validity of the copyright, which included the right to sue for infringement, could not be forfeited by the failure or delay in depositing copies.¹⁹ Thus not even a delay of fourteen months between the time of publication and deposit²⁰ destroyed Washingtonian Publishing's right to sue once deposit was made prior to filing suit.

The Court viewed the 1909 Act as intending to grant valuable rights to author, publishers, etc. without "burdensome requirements."²¹ The Court foresaw great difficulties, "unfortunate uncertainty and confusion"²² in vindicating a copyright if it became necessary to show that deposits were made promptly after publication, especially since "promptly" was not defined.²³

It was also noted that, under the statute, the Register of

¹⁵ *Id.* at 32-33.

¹⁶ *Id.* at 30.

¹⁷ *Id.* at 42.

¹⁸ *Id.* at 39.

¹⁹ *Id.* at 42.

²⁰ *Id.* at 34.

²¹ *Id.* at 36.

²² *Id.* at 40.

²³ *Id.*

Copyrights can, upon notice, require deposit of copies.²⁴ Failure to comply within three months of notice from the Register resulted in a fine and the copyright rendered void.²⁵ The penalty specified was "adequate"²⁶ and anything more was unwarranted.²⁷ The existence of a three month grace period was evidence to the Court that inaction due to delay was not necessarily invalidating.²⁸ Furthermore, the statute allowed for disposal of deposited copyrighted publications.²⁹ The Court thus argued that the deposit requirement could not be for the purpose of maintaining a permanent record, and a recorded deposit was not indispensable to the existence of a copyright.³⁰

Thus in examining the 1909 Act in its entirety, the Court concluded that the broad purpose of the enactment of encouraging the production of literary works³¹ would not be served by invalidating the valuable right to sue for infringement solely because of the proprietor's tardiness.³² In the Court's opinion, a copyright proprietor could bring suit against an infringer and seek for retroactive damages covering the entire period of infringement, including that time of infringement before registration and deposit.

²⁴ *Id.*
²⁵ *Id.*
²⁶ *Id.* at 41.
²⁷ *Id.*
²⁸ *Id.* at 40.
²⁹ *Id.* at 41.
³⁰ *Id.*
³¹ *Id.* at 36.
³² *Id.* at 40.

CRITICAL ANALYSIS

It was undisputed that the 1909 Act granted statutory copyright upon first publication and before deposit.³³ However, Justice Black also noted that every enacted copyright act since 1790 had required authors to register and deposit works with a designated governmental depository.³⁴ Apart from being a prerequisite to registration of the copyright,³⁵ Justice Black cited two policy reasons for the deposit. Firstly, deposit was the method used to record complete information about a work for which copyright was claimed and the deposit enabled the public to grasp the extent of the protection afforded.³⁶ The maintenance of a public record permitted a marketplace for the transfer of rights in copyrighted works to function and accordingly enabled the capitalization of both original and derivative works.³⁷ By allowing retroactive recovery of damages arising from a period of infringement prior to deposit, one could no longer distinguish between the intentional infringer and the "innocent" user who duplicated the copyrighted work only after failing to find official recordation. Thus the Court made the informational purpose of the deposit ineffective.

The marketplace reasoning is augmented by the different

³³ *Id.* at 44 (Black, J., dissenting).

³⁴ *Id.* at 42.

³⁵ § 10 (amended as 17 U.S.C. § 11).

³⁶ 306 U.S. at 48-49.

³⁷ Arthur J. Levine & Jeffrey L. Squires, *Notice, Deposit and Registration: The Importance of Being Formal*, 24 UCLA L. REV. 1232, 1254 (1977).

treatment for unpublished works, referred in the statute as "works not reproduced for sale."³⁸ Such works included lectures, drama productions, and musicals.³⁹ Copyright of these works could only be had by deposit and claim of copyright.⁴⁰ These works are of a nature that notice of copyright is impractical, hence the statute required deposit of title, description and print.⁴¹ Thus deposit enabled the proprietor of the work to inform the public as to the copyright status. A failure to deposit works without a copyright notice could place the work in the public domain inadvertently.

Because deposit and registration serve to notify the public of the limits of copyright, a copyright owner who failed to register and deposit the work could place the copyright status in jeopardy. This had not been the case in *Washingtonian*, where the Court saw no harm to the plaintiff's right to sue in delaying registration for fourteen months.⁴² Other courts have permitted a longer delay, in one case, twenty seven years.⁴³ However, in some cases, undue delay has been interpreted as an intention to abandon the copyright.⁴⁴

The Court's adoption of a flexible definition of

³⁸ § 11 (amended as 17 U.S.C. § 12).

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² 306 U.S. at 34.

⁴³ *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 161 F.2d 406, 409 (2d Cir. 1946), cert. denied, 331 U.S. 820 (1947).

⁴⁴ *Klamer v. Baltimore Football, Inc.*, 200 F. Supp. 255, 260 (M.D. Md. 1961).

"promptly"⁴⁵ could arguably be portrayed as abiding with Congressional intent. The equivalent statutory provisions of prior copyright acts had provided definitive time periods between publication and deposit. The first act required the last deposit of one copy of the article within six months after publication.⁴⁶ The act of 1831 shortened the time period to three months.⁴⁷ In 1865, the requirement was shortened further to one month.⁴⁸ This was reduced to ten days in 1870.⁴⁹ Deposit was then required no later than a day after publication.⁵⁰ However, this requirement was deemed too drastic by Congress,⁵¹ thus to avoid the invalidation of a copyright due to accidental delay, the time period was legislated as "promptly" under Section 13. By permitting flexibility, Congress had intended a good faith effort to deposit and comply with the statute, there appeared to be no effort to endorse the manipulation undertaken by the plaintiffs in this case. Indeed, the House Report stated that Sections 12 and 13 should be taken together as to require deposit of copies to make the copyright valid.⁵² Congress viewed the ownership of the right and the ability to vindicate as separate. This is in no way inconsistent with the Constitutional powers granted to

⁴⁵ 306 U.S. at 40.

⁴⁶ Act of 1790, ch. 15, § 4, 1 Stat. 124, 125.

⁴⁷ Act of 1831, ch. 16, § 4, 4 Stat. 436, 437.

⁴⁸ Act of 1865, ch. 126, § 2, 13 Stat. 540.

⁴⁹ Act of 1870, ch. 565, § 93, 16 Stat. 198, 213.

⁵⁰ Act of 1891, ch. 565, § 3, 26 Stat. 1106.

⁵¹ "Many copyrights have been lost because by some accident or mistake this [deposit] requirement was not complied with." H.R. REP. No. 2222, 60th Cong., 2d Sess. (1909).

⁵² *Id.*

Congress to bestow exclusive rights to authors and inventors.⁵³ The full power of Congress to restrict infringement actions in courts has not been questioned by the judiciary.⁵⁴

A second reason given by Justice Black for the deposit requirement was to preserve works in a governmental agency designed to diffuse public knowledge.⁵⁵ A national collection of the country's creative products developed as a result of requiring deposit of works in which copyright is claimed.⁵⁶ To the Washingtonian Court, this justification was not compatible with provisions in the statute which allowed for the distribution or destruction of deposited copies.⁵⁷ However, the statutory provisions are reconcilable once two separate deposit functions of recordation of ownership and fostering product collection are delineated.

Section 59 of the 1909 Act⁵⁸ permitted the Librarian of Congress to transfer copies to other governmental departments for use, and Section 60⁵⁹ afforded the Librarian discretion to destroy or return copies but only after due notice and records be maintained and made available for public inspection. Thus neither the distribution nor destruction of copies undermine copyright recording, and the maintenance of registration records

⁵³ U.S. CONST. art I, § 8.

⁵⁴ See *New York Times Co. v. Star Co.*, 195 F. 110, 112 (1912); cf. *Lumiere v. Pathe Exchange*, 275 F. 428, 429 (1921) (holding that the copyright could not be declared void for failure of prompt deposit).

⁵⁵ *Id.* at 49.

⁵⁶ *Levine and Squires*, supra note 37, at 1254.

⁵⁷ 306 U.S. at 38-39 (construing §§ 59-60).

⁵⁸ amended as 17 U.S.C. § 213.

⁵⁹ amended as 17 U.S.C. § 214.

is sufficient for collection purposes. In addition, the House Report on the 1909 Copyright Act⁶⁰ dismissed the impression that deposited articles were part of the record and necessary evidence of the copyright. Between 1870 and 1909 there were only five cases in which articles deposited had been taken to court and in none of those cases was the use of the deposited article necessary.⁶¹

Any further contentions that actual copies were necessary for the maintenance of public records which define the copyright monopoly were rejected soundly in *National Conference of Bar Examiners v. Multistate Legal Studies, Inc.*⁶² The court concluded that the registration and deposit requirements were procedural and not constitutional prerequisites.⁶³ This interpretation was deemed by the court as harmonious with the statutory language of the 1976 Copyright Act.⁶⁴ The court decided that because the statute did not require registration for copyright protection, deposit regulations were not disclosure requirements.⁶⁵ Of more concern was the court's concluding logic: "nor as a practical matter can [deposit regulations] function as [disclosure requirements] since a claimant may register any time prior to bringing suit on an infringement claim."⁶⁶ The permissive timing for registration only resulted

⁶⁰ *Supra* note 51.

⁶¹ *Id.*

⁶² 692 F.2d 478 (7th Cir. 1982), cert. denied, 464 U.S. 814 (1983).

⁶³ *Id.* at 485.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.*

from the language governing deposit regulation, not a *raison d'être*. Moreover, if deposits serve no function in disclosing the scope of the copyright, what will? The Bar Examiners court was silent on the subject. With deposit and registration eliminated, only the function of notice remains.⁶⁷

Unfortunately, it has been observed that the deterrent effect of a copyright notice to potential copiers is speculative at best.⁶⁸ In fact, no actual benefit can be conferred to a copyright owner until a favorable judgment was awarded on an enforcement action.

The use of deposit in judicial proceedings as a standard to ascertain infringement is often suggested as another reason for the deposit requirement, but actual use has been minimal.⁶⁹ However, this does not lend credence to any claims concerning the redundancy of the deposit function, given the reasons already cited. Moreover, the information given on the copyright certificate obtained after deposit and registration is admissible as *prima facie* evidence in a judicial proceeding, and the certificate itself provides evidence of compliance necessary to maintain an infringement suit.⁷⁰

Eliminating the deposit requirement creates the danger of draining a source of revenue for the Copyright Office. Section 61 of the 1909 Act⁷¹ required the copyright owner to pay \$2.00

⁶⁷ Case Notes, 13 S. CAL. L. REV. 136, 140 (1939).

⁶⁸ *Technicon Medical Info. Sys. Corp. v. Green Bay Packaging, Inc.*, 687 F.2d 1032, 1036 (7th Cir. 1982), cert. denied, 459 U.S. 1106 (1983).

⁶⁹ Levine and Squires, *supra* note 37, at 1254.

⁷⁰ See 41 Op. Att'y Gen. 395 (1958).

⁷¹ amended as 17 U.S.C. § 215.

for registration and certification. As a result of the ruling, deposit and registration only became a costly formality. Indeed, copyright owners had incentive to run the risk of not depositing than to pay the fee. The impact on the Copyright Office, which had been self-supporting from these fees was acknowledged as serious.⁷² In theory, the loss in revenues could be raised in situations where the copyright holder desired to sue,⁷³ or where the Register sought to demand deposits pursuant to Section 13. However, effective enforcement of the deposit function is not possible,⁷⁴ given the fact that thousands of copyright owners fail to comply with the deposit provisions.⁷⁵

One rare but possible situation could arise with the deposit and registration prerequisites for infringement actions where the Copyright Register refused to register an owner's copyright claim. In these situations, the owner of the works must first seek mandamus action against the Register to reverse the decision to deny.⁷⁶

The foremost impact of the *Washingtonian* decision, that deposit was only necessary once a copyright owner wished to seek action against infringement, was not universally upheld. In an interoffice memorandum filed shortly after the opinion had been issued by the Court, the Register of Copyrights, Colonel Clement

⁷² Letter from Senator Albert W. Barkley, Chairman of Joint Comm. of Library to Frank Murphy, Attorney General (Feb. 24, 1939).

⁷³ See Case Notes, *supra* note 67, at 140.

⁷⁴ See Recent Cases, 52 HARV. L. REV. 837, 838 (1939).

⁷⁵ 1939 REGISTER OF COPYRIGHTS ANN. REP. 21-22.

⁷⁶ *Constantin-Le Coultre Watches v. Benrus Watch Co.*, 260 F.2d 637, 640 (2d Cir., 1958) (Hand, J).

L. Bouvé stated that the decision had been misinterpreted as making it unnecessary to deposit and register until infringement.⁷⁷ Unfortunately, he failed to offer an alternative explanation. But Colonel Bouvé had always believed that the copyright owner is intended and instructed to deposit promptly as required by Section 12.⁷⁸ Section 13 provided another chance to deposit and register for a recalcitrant copyright owner.⁷⁹ Colonel Bouvé argued that the duty to deposit did not dissipate after the failure to act promptly for two reasons. Congress had authorized the Register to demand deposit under Section 13, and in situations where the deposits arrived belatedly but prior to the Register's demand, registration would not be refused.⁸⁰ Colonel Bouvé's arguments were not cast in light of the *Washingtonian* holding. Prior to the Supreme Court ruling, he had written to the Library of Congress noting that the Copyright Office no longer attached any significance to the word "promptly" in Section 12, given the practice of accepting copies at any time after publication.⁸¹ This was far from arguing that deposits no longer were mandatory. He was simply trying to reduce any doubts

⁷⁷ Memorandum (Feb. 8, 1939) (on file in the Central File, Putnam Archives, Collections of the Manuscript Division, Library of Congress).

⁷⁸ Clement L. Bouvé, *Developments in Judicial Interpretation of the Copyright Act During the Last Decade in CONMEMORATING A DECADE OF THE UNITED STATES PATENTS QUARTERLY 1929-1939*, at 68 (The Bureau of National Affairs, Inc., 1940).

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ Letter from Colonel C.L. Bouvé, Register of Copyrights, to Librarian of Congress, (Sept. 17, 1938), quoted in *Washingtonian*, 303 U.S. at 41.

and uncertainty to the meaning of "promptly."²³

The view that timeliness of deposit was not a primary concern was not novel. Judge Learned Hand had even expressly stated that the time of deposit is of secondary importance, although it was in a situation of deposit before publication.²⁴ In theory, according to Colonel Bouvé, section 12 disallowed the right to sue until deposit and Section 13, far from voiding the copyright for failure to deposit promptly, allows the owner a second chance to deposit at the request of the Register. Only after the failure to satisfy the demand is the copyright invalidated. Thus deposit was necessary regardless of infringement, if only for the reason of enriching the public collection of works at the Library of Congress. But for practical purposes, the theoretical holding had no bite. Section 13 sanctions were simply inadequate to enforce voluntary deposits. The popular view that deposit only became necessary to file suit became a new de facto standard.

The function of enrichment of the public collection was viewed by Dr. Herbert Putnam, then Librarian of Congress, as the original purpose of deposit.²⁵ With the provision of a certificate admitting the receipt of the deposit, the certificate itself became the proof of deposit, eliminating the need for the

²³ See Col. Bouvé's testimony at hearings to amend the bill, *infra* note 87.

²⁴ *Joe Mittenenthal, Inc. v. Irving Berlin, Inc.*, 291 F. 714 (1923) (Hand, J.).

²⁵ *To Amend and Consolidate the Acts Respecting Copyright, Arguments on S. 6630 and H.R. 19853 Before the Comm. on Patents of the Senate and House of Representatives, Conjointly, June 6, 1906, pages 14-15.*

copies themselves. Thus if the certificate was adequate to protect the monopoly rights of the copyright holder, copyright deposit and registration laws would benefit primarily the public at the expense of the copyright owner, who carried the cost of this benefit. In other words, the price to copyright protection was enriching the public collection. The priority of the public benefit is at least consistent with Congressional intent.⁴⁵

After the *Washingtonian* opinion, there was an attempt to amend piecemeal the germane portions of the copyright act.⁴⁶ In particular, the legislation sought to impose a thirty day period from publication to within which a copyright owner would deposit copies. This was to eliminate the confusion over the definition of "promptly." This deposit requirement was still a condition to be satisfied prior to maintaining suit. In addition, damages suffered between the expiration of the thirty day period and the date of deposit were not recoverable. Thus the second element of the case, that of retroactive recovery of infringement losses, was to be forbidden. The bill also had a provision to penalize those who fail to deposit by voiding the copyright of published works after six months following publication.

At hearings on the bill, Colonel Bouvé explained the significance of the bill:

[T]he sole purpose of this bill is . . . to assure to the collections of the Library of Congress and to the

⁴⁵ H.R. REP. NO. 2222, *supra* note 51.

⁴⁶ H.R. 4433, 76th Cong., 1st Sess. (1939).

use of Congress through the medium of deposit and registration of copyrighted material, the continued acquisition of works of a literary and artistic nature which, under the present act, it was the obvious intent of Congress should be so assured.⁸⁷

Rep. Lanham, chairman of the subcommittee, stressed further the enrichment function and also the second consideration that copyright owners should pay for the privilege of the monopoly to pay for the operation of the Copyright Office.⁸⁸ Thus the view that copyright laws are primarily for the public benefit, with a secondary regard for the copyright owner was unequivocally upheld. However, the inducement to deposit promptly, as a means of satisfying the public function by awarding copyright owners the right to sue had been made inadequate by the *Washingtonian* case.⁸⁹

The bill proposed to "sweeten" the deposit inducement by disallowing retroactive damages for infringement during the period between a defined period after publication and registration and the date of the actual deposit and

⁸⁷ *A Bill to amend sections 12, 13, and 29 of the Copyright Act of March 4, 1909, and further to secure the prompt deposit of copyrightable material into the Library of Congress and prompt registration of claims of copyright in the Copyright Office, and for other purposes: Hearings on H.R. 4433 Before the Subcomm. on Copyrights of the Comm. on Patents, 76th Cong., 1st Sess. (1939) (statement of Colonel Clement L. Bouvé, Register of Copyrights).*

⁸⁸ *Id.*

⁸⁹ Colonel Bouvé argued that sanctions provided in the act was inadequate, and there was nothing in the case to suggest that the deposit function was no longer an absolute legal requirement, contrary to popular opinion. His view is consistent with the understanding that copyrights are granted by Congress, and Congress also defines the limits of the rights. e.g. right to sue is separate from the monopoly right.

registration.⁹⁰ The proposal attempted to satisfy the enrichment function by eliminating a free-ride for copyright owners who were able to sue for the entire infringement period without regard for complying with the law themselves. Unfortunately, no further actions were taken on the bill.⁹¹

The 1976 Act failed to substantially clarify the relationship between the tripartite elements of notice, deposit and registration. Congress simply restated the 1909 Act's requirement that registration be made before a copyright suit is initiated.⁹² There was no express attention addressed to the issue of retroactive damages for the period during which the copyright owner failed to comply with the deposit and registration provisions in the statute. The case law continued to support the *Washingtonian* holding by not precluding recovery for damages for the period before the registration date if the owner failed to register the copyright until after an alleged infringement, although it did bar claims for statutory fees or attorney costs.⁹³

The proposed legislation goes one step further by eliminating the need to register as a prerequisite for filing suit. Presently, an unregistered copyright is valid; hence registration need only take place once an owner discovers an infringement.⁹⁴ Thus the burden of copyright enforcement rests

⁹⁰ H.R. 4433, 76th Cong., 1st Sess. § 13 (1939).

⁹¹ 1939 REGISTER OF COPYRIGHTS ANN. REP., at 20.

⁹² H.R. 1476, 94th Cong., 2d Sess. (1976).

⁹³ *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 33 (1982).

⁹⁴ See *supra* notes 21-33 and accompanying text.

on the owner. However, because courts treat willful and innocent infringers differently in awarding statutory damages,³⁵ and knowledge of infringement is often a standard for willfulness,³⁶ registration of a work might serve as evidence of a valid copyright more conclusively than publication with notice.³⁷ Elimination of the registration prerequisite would only serve to create more uncertainty and confusion.

CONCLUSION

The *Washingtonian* holding permitted non-compliance with the deposit provisions of the 1909 statute without penalty of copyright forfeit. In doing so, the Court bypassed the express language which had prevailed in all the copyright laws. The Court failed to appreciate the dual purposes of the deposit of informing the public and building a national collection. By not requiring the deposit of copies, copyright notice rests solely on notice attached to publication. This becomes extremely burdensome for users to verify the extent of the copyright. This hindrance is by no means offset by removing an administrative element for the copyright owner. To enforce the copyright, the owner still has to register; thus only the timing of registration

³⁵ § 504(c).

³⁶ See Jeffrey M. Thomas, Comment, *Willful Copyright Infringement, In Search of a Standard*, 65 WASH. L. REV., 903, 907 (1990).

³⁷ See, e.g., *Apple Barrel Productions, Inc. v. R.D. Beard*, 730 F.2d 384, 386 (1984) (requiring proof of deposit of copies as an element necessary of securing standing to sue).

is altered.

Prior to the proposed legislation, copyright laws have differentiated between securing a copyright (by notice affixed to the work) and the registration by the Copyright Office of a claim alleging the securing of copyright (the claim to be vindicated or refuted only after an infringement action.) Registration is currently more than a formality, it extends rights to the owner to access the courts. Were the registration requirement be removed entirely, the benefit of copyright laws would shift away from the public, against the grain of past Congressional intent. Copyright owners would be given the incentive not to register to reduce costs, the role of the Register as record keeper will be reduced, along with a reduction in fees, and proof harder to establish in any ensuing litigation. Although arguably, the elimination of registration as a prerequisite to suit does not mean the redundancy of registration, the practical effect is exactly that, just as Colonel Bouvé failed to argue convincingly that deposits were still mandatory regardless of infringement suits.

Given the inadequacies of notice, and the current common law view on deposit, registration had been the last remaining element of order. To eliminate registration would create a void in the administration of copyrights. In addition, without registration, there would neither be deposit, frustrating the enrichment purpose of the function.

WORKING PAPER #18

Patry, Bill
August 23, 1993

Statutory Damages and Attorney's Fee Awards

Bill Patry
August 23, 1993

Note: The cases listed in this report are from CCH's Copyright Law Reporter. No doubt there are other cases reported by West and USPQ (not contained in CCH). This report omits ASCAP and BMI cases because these awards are usually a multiple of ASCAP and BMI's licensing fees and thus do not represent an accurate guage for other litigation. Also excluded is the sizable award in Peer International Corporation v. Pausa Records, Inc., 909 F.2d 1332 (9th Cir. 1990) since this case involved a failure to comply with the mechanical license of section 115.

AWARDS IN CASES WHERE STATUTORY DAMAGES AND
ATTORNEY'S FEES WERE SOUGHT UNDER 1976 ACT
AS REPORTED IN CCH COPYRIGHT LAW REPORTER

1978-1989 Berne Adherence

(Statutory Damages were: minimum of \$250 per work and maximum of \$10,000 per work. If infringement was willful the maximum was \$50,000)

1. a. United Feature Syndicate v. Rheingold, ¶25,114 (S.D. Fla. 1979)

Statutory Damages: \$16,000

Attorney's Fees: \$1,230

(default judgment - T-Shirt decal pirate)

b. United Feature Syndicate v. Spree, Inc, ¶25,792 (E.D. Mich. 1984), appeal dismissed, 779 F.2d 53 (6th Cir. 1985)

Statutory Damages: \$50,000 for each of two works willfully infringed

Attorney's Fees: \$19,000

c. United Feature Syndicate v. Powell, ¶25,508 (C.D. Cal. 1981)

Statutory Damages: \$1,000

Attorney's Fees: \$5,000

d. United Feature Syndicate v. Cornwell Industries, ¶25,509

(C.D. Cal. 1981)

Statutory Damages: \$32,235 for willful decal piracy

Attorney's Fees: \$15,000 (figure includes costs)

e. United Feature Syndicate v. Sunrise Mold Co., ¶25,623 (S.D.

Fla. 1983)

Statutory Damages: \$25,000 for each of 11 willful infringements

Attorney's Fees: \$28,992

2. Doehrer v. Caldwell, ¶25,150 (N.D. Ill. 1980)

Statutory Damages: \$250 (Plaintiff had sought \$20,000 in statutory damages)

Attorney's Fees: \$850 (Plaintiff had sought \$2,500 in attorney's fees)

3. Moorish Vanguard Concert v. Brown, ¶25,231 (E.D. Pa. 1980)

Statutory Damages: \$5,700

Attorney's Fees: \$3,000

(Plaintiff had sought \$29,325 in attorney's fees)

4. Quinto v. Legal Times, ¶25,244 (D.D.C. 1981)

Statutory Damages: \$250

Attorney's Fees: \$500

5. Lauratex Textile Corp. v. Allton Knitting Mills

a. ¶25,289 (SDNY 1981)

Statutory Damages: \$40,000

Attorney's Fees: \$2,500

Plaintiff had sought \$50,000 in statutory damages and \$10,000 in attorney's fees. Defendant was found to be a willful infringer who had been involved in six other infringement actions in the last three years. A different judge later referred one of these cases for criminal prosecution.

b. ¶25,360 (SDNY 1982)

Statutory Damages: \$50,000

Attorney's Fees: \$9,756

c. Kenbrooke Fabrics, Inc. v. Holland Fabrics, ¶25,734 (SDNY 1984). In case against same defendant, court awarded:

Statutory Damages: \$50,000 for willful infringement

Attorney's Fees: \$8,062

d. Delman Fabrics v. Holland Fabrics, ¶¶25,841, 26,034 (SDNY 1985). In case against same defendant, court awarded:

Statutory Damages: \$50,000

Attorney's Fees: \$37,312

e. Pret-A-Printee v. Allton Knitting Mills, ¶25,447 (SDNY 1982). In case against same defendant, court awarded:

Statutory Damages: \$30,000 for willful infringement

Attorney's Fees: \$10,200

6. MGM v. Showcase Atlanta, ¶25,314 (N.D. Ga. 1981)

Statutory Damages: \$500

Attorney's Fees: Denied

7. Knickerbocker Toy Co. v. Etone Int'l, ¶25,352 (SDNY 1980)

Combined award of Statutory Damages, Attorney's Fees and Costs of \$7,500

8. Dealer Advertising Development v. Barbara Allan Financial Advertising, ¶25,449 (W.D. Mich. 1982)

Statutory Damages: \$5,000

Attorney's Fees: None because court found plaintiff had had a limited success in the copyright litigation aspect of the parties' dispute.

9. RSO Records, Inc. v. Peri, ¶25,722 (SDNY 1984)

Statutory Damages: \$50,000 for each of 35 sound recording willful infringements

Attorney's Fees: To be awarded later

10. Stein & Day, Inc. v. Red Letter Books, ¶25,728 (SDNY 1984)

Statutory Damages: \$25,000 for willful infringement

Attorney's Fees: \$2,000

11. Bally Midway Mfg. v. American Postage Machine, ¶25,601 (EDNY 1983)

Statutory Damages: \$50,000 for each of three works willfully infringed

Attorney's Fees: No mention

12. Fallaci v. New Gazette Literary Corp., ¶25,602 (SDNY 1983)

Statutory Damages: \$10,000 for each of three works willfully infringed, representing double the market value of the damages

Attorney's Fees: \$3,500 (substantially less than the actual fees)

13. RCA Records v. All-Fast Systems, Inc., ¶25,843 (SDNY 1985), ¶26,191 (SDNY 1987)

Statutory Damages: \$5,000 for each of five works willfully infringed (plaintiff had requested \$50,000 for each work)

Attorney's Fees: \$10,000 (plaintiff had requested \$34,945)

14. Camaro Headquarters v. Banks, ¶25,861 (E.D. Pa. 1985)

Statutory Damages: \$20,000 for willful infringement

Attorney's Fees: Not discussed

15. RCA Corp. v. Tucker, ¶25,942 (EDNY 1985)

Statutory Damages: \$50,000 for each of three sound recordings willfully infringed

Attorney's Fees: To be awarded later

16. Granse v. Brown, ¶¶25,964, 25,965 (D. Minn. 1985)

Statutory Damages: \$250 for each of three photographs

Attorney's Fees: Court refused to award

17. Kent v. Revere, ¶26,001 (M.D. Fla. 1985)

Statutory Damages: \$750

Attorney's Fees: Court retained jurisdiction to award later

18. Bly v. Banbury Books, ¶26,005 (E.D. Pa. 1986)

Statutory Damages: \$250 (plaintiff sought \$50,000)

Attorney's Fees: \$2,500 (plaintiff sought \$8,620)

19. Engel v. Wild Oats, ¶26,010 (SDNY 1986)

Statutory Damages: \$20,000 for willful T-shirt

Attorney's Fees: \$3,000 (plaintiff had sought \$6,725. Even though court found the attorney's rates were consistent with the prevailing standards and the amount requested was not "outrageous," it also found that defendants had been cooperative and plaintiff had over-litigated the case).

20. AAMC v. Mikaelian, ¶25,991 (E.D. Pa. 1986)

Statutory Damages: \$50,000 for each of two works willfully infringed

Attorney's Fees: No reference

21. Readers Digest v. Conservative Digest, ¶26,019 (D.D.C. 1986),
aff'd, ¶26,128 (D.C. Cir. 1987)

Statutory Damages: \$250 for each of 2 works

Attorney's Fees: \$0, court refused to award

22. Original Appalachian Artworks v. Reichert, ¶26,131 (E.D. Pa. 1987)

Statutory Damages: \$250 for each of 4 works (plaintiff had requested \$50,000 per work)

Attorney's Fees: To be awarded later

23. Warner Bros. v. Multinational Prod., ¶26,039 (SDNY 1986)

Statutory Damages: a. \$2,500

Attorney's Fees: a. \$11,342 (figure includes costs)

Statutory Damages: b. \$20,000 willful (plaintiff had requested \$50,000)

Attorney's Fees: b. \$15,408 (figure includes costs)

24. Worlds of Wonder, Inc. v. Vector Intercontinental, Inc.,
¶26,063 (N.D. Ohio 1987)

Statutory Damages: \$7,500 for each of 4 willful infringements

Attorney's Fees: To be awarded later

25. Cormack v. Sunshine Food Stores, Inc., ¶¶26,219, 26,220

Statutory Damages: \$25,000 for willful, massive infringement

Attorney's Fees: To be awarded later

26. Stanford v. Associated Business Consultants, Inc., ¶26,243 (D. Kan. 1987)

Statutory Damages: \$7,000 total for 12 willful infringements

Attorney's Fees: To be awarded later

27. RCA/Aroliia Int'l v. Thomas Grayston Co., ¶26,271 (8th Cir. 1988)

Statutory Damages: \$2,500 against some defendants

\$5,000 against other defendants

Attorney's Fees: \$10,000

28. Warner Bros., Inc. v. Dae Rim Trading, ¶26,433 (2d Cir. 1989)

Statutory Damages: \$100

Attorney's Fees: Denied

29. Video Views, Inc. v. Studio 21 Ltd., ¶26,492 (N.D. Ill. 1989),
aff'd, 925 F.2d 1010 (7th Cir. 1991)

Statutory Damages: \$5,000 for each of two works

Attorney's Fees: Denied, court noting it was a "hard fought" case

30. Joy Valve Mfg. Co. v. CGM Valve & Gauge Co., ¶26,567 (S.D. Tex. 1989)

Statutory Damages: \$25,000 willful infringement
Attorney's Fees: \$3,209

31. DC Comics v. Mini Gift Shop, ¶26,620 (2d Cir. 1990)

Statutory Damages: \$200 in one case
\$500 in another case
Attorney's Fees: Denied

32. Walt Disney Co. v. Best, ¶26,637 (SDNY 1990)

Statutory Damages: \$20,000 for willful recidivist pirate
(plaintiff had sought \$50,000)

Attorney's Fees: \$1,500 against other defendants
\$1,000 against willful infringer
Denied against other defendants

33. Paramount v. Labus, ¶26,587 (D. Wisc. 1990)

Statutory Damages: \$250 for each of 44 violations
\$500 for 9 other violations

Attorney's Fees: To be awarded later

34. Cable/Home Communications Corp., ¶26,588 (11th Cir. 1990)

Statutory Damages: \$20,000 for willful infringement of a satellite descrambling device

Attorney's Fees: \$451,789

35. DC Comics, Inc. v. Bobtron, ¶26,607 (SDNY 1990)

Statutory Damages: \$40,000 for willful infringement of watch designs (this equalled 3 times defendant's profits; plaintiff had sought \$100,000)

Attorney's Fees: To be awarded later, but court cautioned that "the effort expended in this particular lawsuit was not great."

36. Fitzgerald Pub. Co. v. Baylor Pub. Co., ¶26,164 (EDNY 1987)

Statutory Damages: \$22,870 (equalled profit plaintiff would have made had it sold the infringing magazines)

Attorney's Fees: No mention

37. Reebok Int'l Ltd. v. Jemmett, ¶26,676 (S.D. Cal. 1990)

Statutory Damages: \$5,000 for willful infringement

Attorney's Fees: Reasonable fees were to be awarded taking into account fact that \$5,000 in statutory damages had already been awarded

38. Georgia Television Co. v. TV News Clips of Atlanta, ¶26,765 (N.D. Ga. 1991)

Statutory Damages: \$4,000 for willful infringement

Attorney's Fees: Reasonable fees to be awarded later

39. Curtis v. General Dynamics Corp., ¶26,776 (W.D. Wash. 1991)
 Statutory Damages: \$25,000 willful damages for each of two works
 Attorney's Fees: Reasonable fees to be awarded later

40. New York Chinese TV Programs v. U.E. Ent., ¶26,778 (SDNY 1991)
 Statutory Damages: \$20,000 for each of 34 works based on finding
 of willfulness and a calculation that this would equal licensing
 fees plaintiff would have charged.
 Attorney's Fees: To be awarded later

41. Branch v. Ogilvy & Mather, ¶26,780 (SDNY 1991)
 Statutory Damages: \$10,000
 Attorney's Fees: \$116,729 (plaintiff had requested \$233,458)

42. ETS v. Miller, ¶26,841 (D.D.C. 1991)
 Statutory Damages: \$250
 Attorney's Fees: \$0, court refused to award

43. BMG Music v. Perez, ¶26,872 (9th Cir. 1991)
 Statutory Damages: \$15,000 for willful infringement
 Attorney's Fees: Awarded in unknown amount

44. Paramount Pictures Corp. v. Metro Program Network, ¶26,909 (8th
 Cir. 1992)
 Statutory Damages: \$500 per work for 47 works
 Attorney's Fees: No mention

45. Childress v. Taylor, ¶26,944 (SDNY 1992)
 Statutory Damages: \$30,000 for willful infringement (plaintiff
 had requested \$50,000)
 Attorney's Fees: Court asked parties to settle amount

March 1, 1989 Berne Adherence to Present

(Statutory Damages are: minimum of \$500 per work and maximum of
 \$20,000. If willful maximum is \$100,000)

46. Basic Books, Inc. v. Kinko's Graphics Corp., ¶¶26,709; 26,814
 (SDNY 1991)
 Statutory Damages: \$510,000 for 12 infringements; fair use and
 innocent infringer defenses rejected
 Attorney's Fees: \$1,365,000

47. Gamma Audio & Video v. Ean-Chea, ¶26,949 (D. Mass. 1992)
 Statutory Damages: \$2,500 for willful infringement
 Attorney's Fees: No award mentioned

48. Alentino Ltd. v. Chenson Ent., ¶26,995 (SDNY 1992)

Statutory Damages: \$5,000

Attorney's Fees: \$8,268

(Court found willful infringement; plaintiff had requested almost \$20,000 in attorney's fees)

49. High-Tech Video Productions v. Capital Cities/ABC, ¶¶26,957, 976 (W.D. Mich. 1992)

Statutory Damages: \$3,420

Attorney's Fees: \$8,553

50. Schwartz-Liebman Textiles v. Last Exit Corp., ¶27,093 (SDNY 1992)

Statutory Damages: \$20,000 default judgment

Attorney's Fees: Plaintiff did not seek

WORKING PAPER #19

Ringer, Barbara, and
Eric Schwartz

September 1, 1993

To: Members of ACCORD

From: Barbara Ringer, Co-Chair

Subject: Proposed content of chapter 4 of ACCORD report to the
Librarian of Congress (Phase I)

The attached very rough draft is couched in the form of statutory language to show the full content and reach of the proposal, how it might work in practice, and the potential problems and soft spots. If accepted, in final form some of the content would be incorporated in committee report language or regulations or both. In any case the proposal will be revised, shortened, and rewritten in explanatory language in chapter 4 of the report.

The aim of this proposal is to protect and enhance the collections development and acquisitions programs of the Library of Congress without weakening the copyright registration system. It has two parts:

(1) Mandatory deposit: Section 407 would be substantially expanded to:

a) Obtain, automatically and without having to be demanded, the deposit of material that LC wants and that is not coming in through copyright registration;

b) Expand the scope of mandatory deposit to include material (e.g., television programs and online databases) that is widely available to the public but technically may not be published;

c) Separate mandatory deposit from copyright registration as much as possible, making clear that requiring abandonment of copyright is not an option;

d) Strengthen the enforcement procedures of mandatory deposit, inducing copyright registration in many cases;

e) Set up a procedure under which the Library would --

i) Regularly review and publish its acquisitions policies as applied to mandatory deposit, making clear what it wants and what it does'nt want;

ii) Identify bodies of material the Library wants and is not getting under copyright registration, and undertake to have it deposited automatically and voluntarily, without having to go to formal demands;

iii) Set up a compliance procedure that would give potential depositors due process and a chance to negotiate agreements that would be fair to them and LC;

iv) Formalize procedures for sharing deposits with other libraries;

f) Set up a formal demand procedure that would be watertight and effective, but would be used only if notifications, requests, and negotiations fail;

g) Establish effective but not draconian sanctions for noncompliance, addressing the problems of providing the Library with active legal representation;

h) Provide for LC to establish and maintain simple records of all material received under the mandatory deposit system, with information taken from the face of the deposit and without any application or fee, and put these records into an online database very quickly, thus giving the depositor the advantage of having information about the work widely available;

i) Allow the depositor to provide information about whom to contact concerning permissions and licensing, adding this to the online database;

j) With respect to "transmission programs" (e.g., radio and television programs, online databases), allow LC to record off-the-air and to download under controlled conditions.

(2) Copyright registration practices: Simplify and ameliorate the present copyright registration policies and practices to induce authors and copyright owners not now registering to do so:

a) Expand the Register's authority and duty to establish optional deposit and group registration systems;

b) Require active public inquiries to identify areas where variations in standard registration practices would be justified;

c) Allow the applicant to provide information about whom to contact concerning permissions and licensing, and include this information with the copyright registration data already online;

d) Provide for a much simpler short form application for registration to be used for works where the copyright owner is the living author of the work;

e) Restore the rule of doubt in the examination and registration process.

These changes should maintain or increase the flow of deposits into the Library, and should also induce applicants who are not now registering to do so without regard to sections 411 and 412. Hence, if ACCORD adopts these proposals, it will have fulfilled its initial mandate regardless of what happens to those sections. The arguments concerning them essentially involve matters of

litigation, not registration and deposit, and must be left to Congress to resolve. In the report, therefore, we propose to reflect fully, objectively, and faithfully all of the arguments made in the debates and the suggestions for amendments made with respect to sections 411(a) and 412, without trying to adduce a consensus concerning them.

CHAPTER 11: MANDATORY DEPOSIT
FOR THE LIBRARY OF CONGRESS

Sec. 1101. DEFINITION.

As used in this chapter, "public dissemination" of a work occurs when the work is published, publicly performed, or publicly displayed.

Sec. 1102. DEPOSIT OBLIGATION IN GENERAL.

(a) Mandatory Deposit Requirement. To promote the progress of science and useful arts as specified by Article I, Section 8, Clause 8 of the Constitution of the United States of America, it shall be the legal obligation of the persons identified in subsection (b) of this section to deposit, for the use or disposition of the Library of Congress and under the requirements and exceptions of this chapter, the copies or phonorecords specified by subsection (c). Subject to said requirements and exceptions the obligation arises immediately upon the publication or public dissemination in the United States of any work in which copyright subsists under this title, and without the need for any notification or demand for compliance by the Copyright Office, the Library of Congress, or the United States Government.

(b) Persons Legally Obligated. The legal obligation of mandatory deposit under this chapter shall apply to the owner or owners of copyright in the United States or the owner or owners of the exclusive rights of publication or public dissemination in the United States, and may be fulfilled by any one of these persons.

(c) Scope of Obligation. The owner of copyright or of exclusive rights specified in subsection (b) shall, subject to the requirements and exceptions of this chapter, deposit:

(1) two complete copies of the best edition of a work published or publicly disseminated in the United States; or

(2) if the work is a sound recording, two complete phonorecords of the best edition, together with any printed or other visually perceptible material published with such phonorecords;

(3) if the work is a transmission program, one complete copy of the work as first transmitted to the public, to be deposited under the conditions specified by section ____.

Sec. 1103. RELATION TO COPYRIGHT

(a) Deposit Requirement Not a Condition of Copyright. The requirements of this title are based upon the consideration accorded to owners of rights under the U.S. Constitution and copyright law, and upon the benefit to the Library of Congress, to governmental, public, research, and educational institutions of the United States, to the users of their collections, records, catalogs, and databases, and to the public at large; but said requirements shall not be held to be conditions of copyright protection or of the enjoyment of any rights under a copyright, and the failure to observe them shall have no effect upon such protection or enjoyment. Under no circumstances shall a potential depositor be called upon, by the Copyright Office, the Library of Congress, or any other governmental authority, to abandon copyright or rights under a copyright in order to avoid complying with the requirements of this chapter.

(b) Compliance by Means of Deposit for Copyright Registration. With respect to a particular work, the requirements of this chapter shall be completely fulfilled if copyright registration, with deposit of copies or phonorecords, has been made for the work. A deposit under this chapter may be used to satisfy the deposit requirements of section 408 if the provisions of subsection (b) of that section are fulfilled.

Sec. 1104. ACQUISITIONS PROCEDURES.

(a) Statements of Library Acquisitions Policies. During November of each year the Register of Copyrights shall, on the recommendation of the Librarian of Congress and after consultation with collections management officials and experts in the Library, publish in the Federal Register a regulation containing a statement of the categories of works of which the Library wishes to acquire copies or phonorecords for its collections or for exchange with other public institutions during the next calendar year. These statements shall be reviewed annually by the Librarian of Congress in the light of changes in Library of Congress policies and procedures, in technology, and in patterns of publication and dissemination. The categories in the lists shall be subdivided into detailed subcategories and shall contain explicit statements describing material the Library wishes to collect or to obtain for exchange with or donation to other institutions during the forthcoming year. The regulation shall also contain, within categories or subcategories, explicit statements describing:

(1) Types of works of which only one copy or phonorecord need be deposited;

(2) Types of works for which the deposit requirements may be fulfilled by putting the Library of Congress on a subscription list, if copies or phonorecords, or their packaging, show clearly that they are intended to fulfill the legal obligations of this chapter;

(3) Types of works that are completely exempt from the deposit requirements. These shall include pictorial, graphic, and sculptural works of which the individual author is the owner of copyright and (i) less than five copies of the work have been published, or (ii) the work has been published in a limited edition consisting of numbered copies, the monetary value of which would make the mandatory deposit of two copies of the best edition of the work burdensome, unfair, or unreasonable.

(b) Identification of General Failures to Deposit. The Library of Congress shall prepare and maintain current databases of publishers and producers of works of which the Library wishes to obtain deposit of copies and phonorecords under this chapter, and shall compare these databases with the copyright registration records of the Copyright Office. When, on the basis of this comparison, there appears to be a general failure to comply with the provisions of this chapter, the Librarian of Congress shall contact the publisher or producer apparently responsible for the failure and inform him or her of the obligations under this chapter, keeping full and current records and statistics showing the results of these contacts. The letter of contact shall include

information about the alternative of copyright registration, and shall make clear that the mandatory deposit requirement of this chapter arises automatically upon publication or public dissemination, that it applies generally to all works for the deposit of which the recipient is responsible, and that it is not dependent upon a formal demand for deposit of copies or phonorecords of specific works.

Sec. 1105. DEMAND PROCEDURES; SANCTIONS FOR NONCOMPLIANCE

(a) First Request for Compliance. At any time after publication or public dissemination of a work as provided by section 1102(a) the Register of Copyrights, acting on behalf of the Librarian of Congress, shall send to one of the persons legally obligated to make deposit under section 1102(b) a written request for compliance with the requirements of this chapter, identifying the work or body of works to which the request applies and informing the potential depositor of the requirements of this chapter in general and this section in particular.

(b) Period for Compliance or Negotiation. Within a period of ninety days from the date of the first request under subsection (a), the recipient may either--

(1) comply with the request; or

(2) offer an explanation of why the recipient believes that there is no legal obligation under this chapter to comply with the request; or

(3) enter into negotiations with the responsible officials of the Library of Congress and the Copyright Office to find mutually acceptable alternative means for complying with the requirements of this chapter.

(c) Period for Negotiations. The negotiations provided for by subsection (b) shall be conducted in good faith by both sides with the aim of reaching agreement on any of all of the following:

(1) an optional form of deposit, whether for a single work or for a group of works of the same type, that would realistically satisfy the needs of the Library of Congress collections without imposing practical or financial hardships on the depositor; or

(2) possible restrictions on the use to which the Library could put the copies or phonorecords, or the conditions under which the Library may transfer or otherwise dispose of the copies or phonorecords deposited; or

(3) other special terms.

If the potential depositor is dissatisfied with the results of the negotiations he or she may, within thirty days of their conclusion, lodge an appeal with the Librarian, whose decision on the appeal shall be final.

(d) Formal Demand. Where an explanation offered under clause (2) of subsection (b) has not been accepted, and in the absence of compliance within ninety days following the first request as provided by subsection (a), or within thirty days following either the conclusion of negotiations or the Librarian's decision as provided by subsection (c), the Register of Copyrights may make formal written demand, on behalf of the Librarian of Congress, for the required deposit on any of the persons legally obligated to make deposit under section 1102(b).

(e) Sanctions for Noncompliance. Unless deposit is made within thirty days after receipt of the formal demand:

(1) In any later action brought for infringement of copyright under chapter 5 of this title, other than an action brought for a violation of the rights of an author under section 106A or an action instituted under section 411(b), no award of statutory damages or attorney's fees, as provided by sections 504 and 505, shall be made unless and until there has been full compliance with any and all past and current formal demands made by the Librarian of Congress upon the plaintiff for deposits under this chapter; and

(2) The person or persons on whom the formal demand was made are liable --

(i) to a fine of not more than \$250 for each work;

(ii) to pay into a specially designated fund in the Library of Congress the total retail price of the copies or phonorecords demanded, or, if no retail price has been fixed, the reasonable cost to the Library of Congress of acquiring them;

(iii) to pay a fine of \$2,500, in addition to any fine or liability imposed under clauses (i) and (ii), if such person willfully or repeatedly fails or refused to comply with such a demand.

The sanctions for noncompliance provided by this subsection are civil in nature and are not criminal penalties. Actions to recover the fines and payments provided by clause (2) of this subsection shall be brought on behalf of the United States in the name of the Librarian of Congress, who shall be entitled to legal representation by attorneys on the staff of the Library of Congress or the Copyright Office or, at the Librarian's option, by attorneys on the staff of the U.S. Department of Justice. The Attorney General of the United States may, after consultation with the Librarian, detail an attorney or attorneys from the Department of Justice to the Library of Congress to participate in the negotiations provided by subsection (c) or to bring the actions provided by this subsection.

Sec. 106. Processing and Records of Deposits

(a) Identification of Deposits. The required copies or phonorecords shall be deposited in the Copyright Office for the use or disposition of the Library of Congress. Deposits need not be accompanied by any applications, fees, covering letters, or other forms. However, for the depositor to be credited as complying with the requirements of this chapter the copies or phonorecords, or material accompanying them, or the package containing them, must clearly identify the depositor and reveal that they are being deposited under this chapter.

(b) Status and Use of Deposits. Copies and phonorecords deposited under this chapter shall become the property of the United States and, unless provided otherwise in a negotiated agreement or in regulations issued under this chapter, may be made available for normal uses by Library patrons, and may be transferred or donated to, or exchanged with, other public or scholarly institutions in the United States or other countries.

(c) Records of Deposits. The Library of Congress shall establish and maintain public records of the receipt of copies and phonorecords deposited under this chapter. These records shall include, with respect to each work:

- (1) the name and address of the depositor;
- (2) the title and other identifying information appearing on the face of the work, which may include the names of the author and publisher and the date and owner given in the copyright notice, if any;
- (3) the date of deposit;
- (4) the number of copies or phonorecords received for each work;
- (5) the specific or expected disposition of the copies or phonorecords within the Library or elsewhere;
- (6) any other basic information helpful in identifying the deposit and its disposition; and
- (7) the names and addresses of persons from whom permissions or licenses for various uses of the work can be obtained, if the depositor provides this information and asks that it be included in the record.

In any judicial proceedings a copy of a record made under this subsection, certified by the Librarian of Congress, shall constitute prima facie evidence of the facts stated in the record.

(d) Database of Deposit Records. The Library of Congress shall establish and maintain an electronic database containing its records of all deposits made under this chapter on and after January 1, 1995, and shall make this database available to the public through one or more international information networks such as Internet. The Library shall enter its records of deposits in the database as rapidly as possible, and in no case later than sixty days after receipt of a deposit.

Sec. 107. TRANSMISSION PROGRAMS

(a) Scope of the Deposit Requirement. The requirements of this chapter governing the mandatory deposit of copies and phonorecords shall apply to a transmission program as defined by section 101 of this title, but only if the transmission program has been (i) fixed; and (ii) publicly disseminated by means of a transmission intended for reception by an indeterminate number of members of the public.

(b) Regulations Governing Acquisition of Transmission Programs. With respect to transmission programs to which the requirements of this chapter apply under subsection (a), the Register of Copyrights shall, after consulting with the Librarian of Congress and other interested organizations and officials, establish regulations governing the acquisition of copies or phonorecords of such programs for the collections of the Library of Congress by means other than mandatory deposit under this chapter. The Librarian of Congress shall be permitted, under the standards and conditions set forth in such regulations, to make a fixation of a transmission program directly from a transmission to the public, and to reproduce one copy or phonorecord from such fixation for its collections.

§ 408. Copyright registration in general¹

(a) REGISTRATION PERMISSIVE.—At any time during the subsistence of

copyright in any published or unpublished work, the owner of copyright or of any exclusive right in the work may obtain registration of the copyright claim by delivering to the Copyright Office the deposit specified by this section, together with the application and fee specified by sections 409 and 708. Such registration is not a condition of copyright protection.

(b) DEPOSIT FOR COPYRIGHT REGISTRATION.—Except as provided by subsection (c), the material deposited for registration shall include—

(1) in the case of an unpublished work, one complete copy or phonorecord;

(2) in the case of a published work, two complete copies or phonorecords of the best edition;

(3) in the case of a work first published outside the United States, one complete copy or phonorecord as so published;

(4) in the case of a contribution to a collective work, one complete copy or phonorecord of the best edition of the collective work.

Copies or phonorecords deposited for the Library of Congress under ~~section 407~~

chapter 11,

may be used to satisfy the deposit provisions of this section, if they are accompanied by the prescribed application and fee, and by any additional identifying material that the Register may, by regulation, require. The Register shall also prescribe regulations establishing requirements under which copies or phonorecords acquired for the Library of Congress under ~~subsection (c) of section 407.~~

section 107 of chapter 11,

otherwise than by deposit, may be used to satisfy the deposit provisions of this section.

(c) ADMINISTRATIVE CLASSIFICATION ~~AND OPTIONAL DEPOSIT.~~

~~(1) The Register of Copyrights is authorized to specify by regulation the administrative classes into which works are to be placed for purposes of deposit and registration, and the nature of the copies or phonorecords to be deposited in the various classes specified. The regulations may require or permit, for particular classes, the deposit of identifying material instead of copies or phonorecords, the deposit of only one copy or phonorecord where two would normally be required, or a single registration for a group of related works. This administrative classification of works has no significance with respect to the subject matter of copyright or the exclusive rights provided by this title.~~

(d) OPTIONAL DEPOSIT AND GROUP REGISTRATION.

(1) For particular classes of works the Register of Copyrights is authorized to require or permit, by regulation, the deposit of identifying material instead of copies or phonorecords, the deposit of only one copy or phonorecord where two would normally be required, or a single registration for a group of related works.

(2) Without prejudice to the general authority provided under clause (1), the Register of Copyrights shall establish regulations specifically permitting a single registration for a group of works by the same individual author, all first published within a five-year period as contributions to collective works as defined in section 101 of this title, on the basis of a single deposit, application, and registration fee, provided the application identifies each work separately, including the collective work containing it and its date of first publication. The deposit in such cases may consist of tear sheets or photocopies of the contributions.

(3) As an alternative to separate renewal registrations under subsection (a) of section 304, a single renewal registration may be made for a group of works by the same individual author, all first published as contributions to periodicals, including newspapers, upon the filing of a single application and fee, under all of the following conditions:

(A) the renewal claimant or claimants, and the basis of claim or claims under section 304(a), is the same for each of the works; and

(B) the works were all copyrighted upon their first publication, either through separate copyright notice and registration or by virtue of a general copyright notice in the periodical issue as a whole; and

(C) the renewal application and fee are received not more than twenty-eight or less than twenty-seven years after the thirty-first day of December of the calendar year in which all of the works were first published; and

(D) the renewal application identifies each work separately, including the periodical containing it and its date of first publication.

(4) On or before _____, 199_, the Register of Copyrights shall cause to be published in the Federal Register an announcement inviting all authors, copyright owners, and interested individuals and groups to submit proposals for regulations permitting various forms of optional deposit and group registration for particular categories of works. The Register shall, no later than _____, 199_, inaugurate a series of hearings in the Copyright Office to consider each of the proposals, and thereafter shall issue additional regulations aimed, wherever possible, at reducing the burdens and expense of multiple deposits, waiving the requirement of deposit where it is unnecessary for examination or the collections of the Library of Congress, and otherwise simplifying and ameliorating the registration procedures.

(c) (d) **CORRECTIONS AND AMPLIFICATIONS.**—The Register may also establish, by regulation, formal procedures for the filing of an application for supplementary registration, to correct an error in a copyright registration or to amplify the information given in a registration. Such application shall be accompanied by the fee provided by section 708, and shall clearly identify the registration to be corrected or amplified. The information contained in a supplementary registration augments but does not supersede that contained in the earlier registration.

(f) (g) **PUBLISHED EDITION OF PREVIOUSLY REGISTERED WORK.**—Registration for the first published edition of a work previously registered in unpublished form may be made even though the work as published is substantially the same as the unpublished version.

§ 409. Application for copyright registration

(a) The application for copyright registration shall be made on a form prescribed by the Register of Copyrights and shall include—

- (1) the name and address of the copyright claimant;
- (2) in the case of a work other than an anonymous or pseudonymous work, the name and nationality or domicile of the author or authors, and, if one or more of the authors is dead, the dates of their deaths;
- (3) if the work is anonymous or pseudonymous, the nationality or

domicile of the author or authors;

(4) in the case of a work made for hire, a statement to this effect;

(5) if the copyright claimant is not the author, a brief statement of how the claimant obtained ownership of the copyright;

(6) the title of the work, together with any previous or alternative titles under which the work can be identified;

(7) the year in which creation of the work was completed;

(8) if the work has been published, the date and nation of its first publication;

(9) in the case of a compilation or derivative work, an identification of any preexisting work or works that it is based on or incorporates, and a brief, general statement of the additional material covered by the copyright claim being registered;

~~(10) in the case of a published work containing material of which copies are required by section 601 to be manufactured in the United States, the names of the persons or organizations who performed the processes specified by subsection (c) of section 601 with respect to that material, and the places where those processes were performed; and~~

(10) at the option of the applicant, the names of persons or organizations potential users should contact concerning permissions or licensing, together with information about how and where to contact them; and

(11) any other information regarded by the Register of Copyrights as bearing upon the preparation or identification of the work or the existence, ownership, or duration of the copyright.

(b) The Register of Copyrights shall also prescribe a short-form application which may be used whenever (i) the work is by a living author; (ii) the copyright claimant and the author are the same; (iii) the work is not anonymous, pseudonymous, made for hire, or a compilation or derivative work; (iv) the work has no previous or alternative titles; and (v) the work is unpublished or was first published in the United States. The short-form application shall include the following information:

(1) the name and address of the copyright claimant;

(2) the title of the work;

(3) the name and nationality or domicile of the author;

(4) the year in which the creation of the work was completed;

(5) if the work has been published, the date and nation its first publication; and

(6) at the option of the applicant, the names of persons or organizations potential users should contact concerning permissions or licensing, together with information about how and where to contact them.

§ 410. Registration of claim and issuance of certificate

(a) When, after examination, the Register of Copyrights determines that, in accordance with the provisions of this title, the material deposited constitutes copyrightable subject matter and that the other legal and formal requirements of this title have been met, the Register shall register the claim and issue to the applicant a certificate of registration under the seal of the Copyright Office. The certificate shall contain the information given in the application, together with the number and effective date of the registration.

(b) In any case in which the Register of Copyrights determines that, in accordance with the provisions of this title, ~~the material deposited does not~~ constitute copyrightable subject matter or that the claim is invalid for any other reason, the Register shall refuse registration and shall notify the applicant in writing of the reasons for such refusal.

(c) In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court.

(d) The effective date of a copyright registration is the day on which an application, deposit, and fee, which are later determined by the Register of Copyrights or by a court of competent jurisdiction to be acceptable for registration, have all been received in the Copyright Office.

→ fails to

there is no reasonable doubt that the

§ 411. Registration and infringement actions

ALTERNATIVE A: Repeal subsection (a) and retain subsection (b) as the whole section.

ALTERNATIVE B:

(a) An action for infringement of copyright may be instituted regardless of whether or not registration has been made for the work. However, it shall be within the discretion of the court, at any point in the proceedings, to order that registration be made for the work by a specified date. In such cases the Copyright Office shall expedite processing of the claim and, upon payment of the fee prescribed by the Register for special handling under section 708 (10), shall, within the time limits set by the court, either issue a certificate or submit an explanation of why the claim is refused registration.

~~(a) Except for actions for infringement of copyright in Berne Convention works whose country of origin is not the United States and an action brought for a violation of the rights of the author under section 106A(a), and subject to the provisions of subsection (b), no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute an action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue.²~~

(b) In the case of a work consisting of sounds, images, or both, the first fixation of which is made simultaneously with its transmission, the copyright owner may, either before or after such fixation takes place, institute an action for infringement under section 501, fully subject to the remedies provided by sections 502 through 506 and sections 509 and 510, if, in accordance with requirements that the Register of Copyrights shall prescribe by regulation, the copyright owner—

(1) serves notice upon the infringer, not less than ten or more than thirty days before such fixation, identifying the work and the specific time and source of its first transmission, and declaring an intention to secure

copyright in the work; and

(2) makes registration for the work, if required by subsection (a), within three months after its first transmission.

REPEALED

§ 412. Registration as prerequisite to certain remedies for infringement¹

In any action under this title, other than an action brought for a violation of the rights of the author under section 106A(a) or an action instituted under section 411(b), no award of statutory damages or of attorney's fees, as provided by sections 504 and 505, shall be made for—

- (1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or
- (2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

Sec. 505A. Remedies for Infringement: Reduction of Certain Remedies for Infringement of Unregistered Works

(a) Where, in an infringement action under this title, the copyright owner is the prevailing party, the court in its discretion may reduce the amounts of statutory damages and attorney's fees recoverable by the copyright owner if--

(1) in the case of an unpublished work, copyright registration under section 408 was not made during the two years following the creation of the work; or

(2) in the case of a published work, copyright registration was not made during the two years following first publication of the work.

(b) In deciding, under subsection (a), whether to make the reductions and, if so, their amount, the court in its discretion shall weigh the following factors, among any others it considers relevant:

(1) The circumstances of the infringement and the motivations behind it, including the relative wilfulness or innocence of the infringer's conduct;

(2) The intrinsic cultural, scholarly, commercial, informational, newsworthy, or other value of the copyright owner's work, or the lack of it;

(3) The circumstances and motivations of the copyright owner in bringing the action, and whether realistically the case could have been brought without the prospect of recovery of statutory damages and attorney's fees; and

(4) The extent to which the granting of full recovery would be necessary to punish the infringer's conduct, to deter future infringements, and to make the copyright owner whole.



WORKING PAPER #20

Cohen, Henry
September 8, 1993

Congressional Research Service • The Library of Congress • Washington, D.C. 20540-7000

September 8, 1993

RECEIVED

SEP 9 1993

TO : Eric Schwartz
FROM : Henry Cohen 
SUBJECT : Litigation by Legislative Branch Agencies

OFFICE OF REGISTER
OF COPYRIGHTS

Mort Rosenberg of CRS, American Law Division (x 7-7480), informs me that there is no constitutional bar to Congress's authorizing a legislative branch agency, including the Library of Congress, to litigate on its own behalf, without going through the Department of Justice. As authority he cites *Morrison v. Olson*, 487 U.S. 654 (1988), in which the Supreme Court sustained the independent counsel provisions of the Ethics in Government Act of 1978, and *United States ex rel. Kelly v. Boeing Company*, No. 92-36660, 1993 U.S. App. LEXIS 22521 (9th Cir. Sept. 7, 1993), in which the court of appeals upheld the *qui tam* provisions of the False Claims Act. (*Qui tam* provisions allow private parties to sue on behalf of the government and to recover a portion of any award.) These cases rejected challenges that alleged that the statutes' authorizing persons outside the Executive Branch to prosecute actions violated the separation of powers principle.

Mort also notes that the statute authorizing the Senate Legal Counsel to bring civil actions apparently has not been challenged. This statute is cited on page 15 of the enclosed CRS memorandum, a copy of which I left in Barbara's office.



Discontinue Request
Congressional Research Service
The Library of Congress

and Memo

American Law Division

Washington, D.C. 20540

July 7, 1988

TO

FROM : American Law Division

SUBJECT : Litigating Authority of Federal Entities

This will refer to your request for a list of all federal agencies and departments having the authority to appear directly in court rather than have the Department of Justice represent them. Additionally, you were interested in a summary of the circumstances in which these entities represented themselves and law review articles giving an analysis of the merits of such self representation. Law review materials are forwarded separately.

You understand, of course, that the required information could not be selected from the United States Code by computer search. This fact, combined with your deadline of approximately five working days, allowed only for a cursory review of the laws relating to the various entities below listed to determine the circumstances under which those entities could appear in court.

28 U.S.C. § 516, "Conduct of litigation reserved to Department of Justice," provides:

Except as otherwise authorized by law, the conduct of litigation in which the United States, an agency, or officer thereof is a party, or is interested, and securing evidence therefor, is reserved to officers of the Department of Justice, under the direction of the Attorney General.

Additionally, 5 U.S.C. § 3106, provides, in pertinent part:

Except as otherwise authorized by law, the head of an Executive department or military department may not employ an attorney or counsel for the conduct of litigation in which the United States, an agency, or employee thereof is a party, or is interested, or for the securing of evidence therefor, but shall refer the matter to the Department of Justice.

Thus, while the Department of Justice has the general litigating authority for the United States, apparent statutory authority has been found for the following federal entities to appear in court, in certain circumstances, in their own right. These entities, with examples of their authority, are:

Advisory Council On Historic Preservation

Attorneys of the Council are authorized to represent it in courts of law whenever appropriate, including enforcement of agreements with federal agencies. ¹

Department of Agriculture

Attorneys employed by the Department may, with the approval of the Attorney General, appear in United States district courts representing the Secretary in any action seeking a temporary restraining order or injunction under provisions of the Packers and Stockyards Act of 1921. ² Generally, when a United States court of appeals reviews a final order of the Secretary under the Packers and Stockyards Act or an order under the Perishable Agricultural Commodities Act, 1930, ³ the Agency may file a petition for a writ of certiorari of that appellate court's final judgment. ⁴

¹ 16 U.S.C. § 470m(b).

² The Act is codified at 7 U.S.C. §§ 181 et seq. Authorization is at § 228a.

³ Codified, as amended, at 7 U.S.C. §§ 499a-499s. Orders are reviewed pursuant to 28 U.S.C. § 2342.

⁴ 28 U.S.C. § 2350(a).

Commodity Futures Trading Commission

Attorneys appointed by the Commission represent it in courts of law as appropriate.⁵ Commission attorneys may bring actions in the proper United States district or territorial court to enjoin violations of the Commodity Exchange Act.⁶

Comptroller of the Currency

In any action brought under the antitrust laws arising out of a merger transaction approved by the Comptroller of the Currency, that entity may appear as a party of its own motion and as of right and be represented by its counsel.⁷ The powers and duties vested in the Securities and Exchange Commission to administer and enforce regulations issued by certain banks are vested in the Comptroller of the Currency.⁸

Comptroller General

The Comptroller General is expressly empowered, through attorneys of his own selection, to bring civil actions in the United States District Court for the District of Columbia to require that budget authority be made available for obligation under the Congressional Budget and Impoundment Control Act of 1974.⁹ In case of contumacy or refusal to obey a subpoena issued by the Comptroller General for the purpose of audit, investigation, etc. under the Social Security

⁵ 7 U.S.C. § 4a(c).

⁶ Codified, as amended, at 7 U.S.C. §§ 1 et seq.

⁷ 12 U.S.C. §§ 1828(c)(7)(D), 1849(c).

⁸ 15 U.S.C. § 781(i). See powers of Securities and Exchange Commission, infra.

⁹ Codified, as amended, at 2 U.S.C. §§ 681-688.

seizure of the product or against any person who is a manufacturer, distributor, or retailer of the product or both.¹⁴ In certain proceedings concerning substantial product hazards, the Commission, or the Attorney General, may apply to a district court for the issuance of a preliminary injunction to restrain the distribution in commerce of the products presenting the hazard and, if issued, extensions may be applied for.¹⁵ The Commission or the Attorney General may bring an action in any district court to restrain violations of any order or rule of the Commission.¹⁶

Department of Defense

The Secretaries of the Armed Forces may employ counsel for representation of military personnel, military employees and certain accompanying personnel before the judicial tribunals and administrative agencies of any foreign nation.¹⁷

Environmental Protection Agency

The Administrator may appoint attorneys to appear and represent him in any civil action instituted under the provisions of the air and noise pollution and control statutes¹⁸ or in any civil or criminal action under the Water Pollution Prevention and Control Act¹⁹ unless the Attorney General complies

¹⁴ 15 U.S.C. § 2061.

¹⁵ 15 U.S.C. § 2064(g).

¹⁶ 15 U.S.C. § 2071.

¹⁷ 10 U.S.C. § 1037.

¹⁸ 42 U.S.C. §§ 7401 et seq.

¹⁹ Act of June 30, 1948, 62 Stat. 1155, codified, as amended, at 33 U.S.C. §§ 1251 et seq.

laws, he may bring proceedings, by attorneys employed in the General Accounting Office or by counsel whom he may employ, in an appropriate district court of the United States. ¹⁰ A civil action may be brought by the Comptroller General through any attorney employed by the General Accounting Office or any other attorney designated by the Comptroller General to secure compliance with a subpoena or to collect any penalty assessed by him for violation of any general or special order issued pursuant to the Energy Policy and Conservation Act of 1975. ¹¹

Consumer Product Safety Commission

The Commission has the power to initiate, prosecute, defend, or appeal (other than to the Supreme Court of the United States), through its own legal representative and in its name, any civil action if the Commission makes a written request to the Attorney General for representation in such civil action and the Attorney General does not, within the 45-day period beginning on the date such request was made, notify the Commission in writing that the Attorney General will represent the Commission in such civil action. ¹² The Commission may also initiate, prosecute, or appeal, through its own legal representative, with the concurrence of the Attorney General or through the Attorney General, any criminal action for the purpose of enforcing the laws subject to its jurisdiction. ¹³ The Commission may file in a United States district court an action against an imminently hazardous consumer product for

¹⁰ 42 U.S.C. § 1320a-4(b).

¹¹ Act of December 22, 1975, 89 Stat. 871, codified, as amended, at 42 U.S.C. §§ 6201 *et seq.* Comptroller General enforcement authority codified at 42 U.S.C. § 6384(a), (c).

¹² 15 U.S.C. § 2076(b).

¹³ Id.

with the Administrator's request for representation within a reasonable time. ²⁰ Unless the Attorney General agrees to represent him within a reasonable time, the Administrator may appoint attorneys to appear and represent him in any civil action filed pursuant to the Safe Drinking Water Act. ²¹ Pursuant to the Toxic Substances Control Act, ²² the Administrator, acting through attorneys of the Environmental Protection Agency, or the Attorney General may bring an action in the appropriate district court to enforce rules relative to testing of certain chemical substances or mixtures. ²³ Under the Act, the administrator, through attorneys of the Environmental Protection Agency, may apply to a district court for an injunction to prohibit or limit the manufacture, etc. of certain substances ²⁴ and may also commence a civil action in the appropriate district court for seizure of an imminently hazardous chemical substance or mixture and/or relief against any person involved with the substance. ²⁵

Equal Employment Opportunity Commission

Attorneys for the Commission may appear in any case in court and shall conduct all litigation to which the Commission is a party except in the Supreme Court where the Attorney General shall conduct all litigation. ²⁶ Commission

²⁰ 42 U.S.C. § 7605(a) [air and noise pollution]; 33 U.S.C. § 1366 [water pollution].

²¹ Act of July 23, 1974, 88 Stat. 373, codified, as amended, at 42 U.S.C. §§ 300f et seq. Litigation authority at 42 U.S.C. § 300j-9(f).

²² Act of October 11, 1976, 90 Stat. 2003, codified, as amended, at 15 U.S.C. §§ 2601 et seq.

²³ 15 U.S.C. § 2603(2)(c).

²⁴ 15 U.S.C. §§ 2604(e)(2)(a), (f)(3)(a)(ii).

²⁵ 15 U.S.C. § 2606(a) & (c).

²⁶ 42 U.S.C. § 2000e-4(b).

attorneys may file civil actions for alleged unlawful employment practices against certain respondents ²⁷ and may bring an action for appropriate temporary or preliminary relief pending final disposition of such charge. ²⁸ Civil actions may also be brought to enforce any court order concerning unlawful employment practices. ²⁹

Export-Import Bank

The Bank is empowered to sue and to be sued, to complain and to defend in any court of competent jurisdiction and to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States. ³⁰

Federal Communications Commission

Upon any ruling of a United States court of appeals that enjoins, sets aside, annuls, or suspends any order of the Commission, the Commission's attorneys may file a petition for a writ of certiorari in the Supreme Court. ³¹

Federal Deposit Insurance Corporation

The Corporation has the power to sue and be sued, complain and defend, in any court of law or equity, State or Federal. ³²

Federal Election Commission

The Commission has power to initiate (through civil actions for injunctive, declaratory, or other appropriate relief), defend (in the case of

²⁷ 42 U.S.C. §§ 2000e-5(f)(1), 2000e-6.

²⁸ 42 U.S.C. §§ 2000e-5(f)(4), 2000e-6.

²⁹ 42 U.S.C. § 2000e-5(i).

³⁰ 12 U.S.C. § 635(a).

³¹ 28 U.S.C. § 2350.

³² 12 U.S.C. § 1819.

any civil action brought by a person aggrieved by the Commission dismissing his complaint or failing to act thereon) or appeal any civil action in the name of the Commission to enforce the provisions of the Federal Elections Campaign Act of 1971. ³³ The Commission may petition the appropriate district court to order compliance with a Commission subpoena. ³⁴ The Commission is authorized to appear in and defend, either by attorneys employed in its office or by counsel whom it may appoint, against actions filed under the Presidential Election Campaign Fund Act. ³⁵

Federal Home Loan Bank Board

The Board has the power to enforce its rules and regulations concerning thrift institutions in its own name and through its own attorneys. ³⁶ The powers and duties of the Securities and Exchange Commission to administer the securities laws relative to securities issued by certain banks are vested in the Board. ³⁷

Federal Labor Relations Authority

Except for litigation before the Supreme Court, attorneys designated by the Authority may appear for and represent the Authority in any civil action brought in connection with any function carried out by it. ³⁸ The Authority may petition any appropriate United States court of appeals for the enforcement

³³ Act of February 7, 1972, 86 Stat. 3, codified, as amended, at 2 U.S.C. § 431 et seq. Powers codified at 2 U.S.C. § 437d(a)(6).

³⁴ 2 U.S.C. § 437d(b).

³⁵ Act of December 10, 1971, 85 Stat. 563, codified, as amended, at 26 U.S.C. 9001 et seq. Authorization at 26 U.S.C. §§ 9010, 9040.

³⁶ 12 U.S.C. § 1464.

³⁷ 15 U.S.C. § 781(i).

³⁸ 5 U.S.C. § 7105.

of any order of the Authority and for appropriate temporary relief or restraining order and the Authority may file, in the appropriate district court, for temporary relief from an unfair labor practice. ³⁹

Federal Energy Regulatory Commission

Except for litigation before the Supreme Court, attorneys designated by the Chairman of the Commission may appear for, and represent the Commission in, any civil action brought in connection with any function carried out by the Commission pursuant to the Department of Energy Act ⁴⁰ or otherwise authorized by law. ⁴¹ The Commission may bring actions in the district courts to enforce compliance with, or enjoin future violations of, any provisions of the Natural Gas Act ⁴² or rules, regulations or orders thereunder. ⁴³

Federal Maritime Commission

The Commission may file a petition for a writ of certiorari to the Supreme Court for review of an adverse order of a court of appeals which enjoins, sets aside, or suspends, in whole or in part, an order of the Commission. ⁴⁴

Federal Reserve System

The Board of Governors may appear as a party of its own motion and as of right, and be represented by its own counsel, in any action brought under the antitrust laws arising out of a merger transaction which it has approved. ⁴⁵

³⁹ 5 U.S.C. § 7123.

⁴⁰ Act of August 4, 1977, 91 Stat. 565, codified, as amended, at 42 U.S.C. §§ 7101 et seq.

⁴¹ 42 U.S.C. § 7171(i).

⁴² Act of June 21, 1938, 52 Stat. 821, codified, as amended, at 15 U.S.C. §§ 717 et seq.

⁴³ 15 U.S.C. § 717s.

⁴⁴ 28 U.S.C. § 2350.

⁴⁵ 12 U.S.C. § 1828(c)(7)(D).

The powers, functions, and duties vested in the Securities and Exchange Commission to administer various securities laws are vested in the Board of Governors in respect to securities issued by certain banks. ⁴⁶

Federal Trade Commission

The Commission has exclusive authority to commence or defend, and supervise the litigation of actions relating to injunctive relief, consumer redress, enforcement of subpoena, judicial review of rules prescribed by the Commission, and cease and desist orders. The Commission may represent itself before the Supreme Court with the concurrence of the Attorney General or upon the refusal or failure of the Attorney General to act. ⁴⁷

Department of Health and Human Services

The Secretary is authorized to be represented by his own attorneys in any court in any case or proceeding arising from contumacy or refusal to obey a subpoena duly served. ⁴⁸

Independent Counsel

The investigative and prosecutorial functions and powers of the Independent Counsel include: conducting proceedings before grand juries; participating in court proceedings and engaging in any litigation, including civil and criminal matters, that such Independent Counsel considers necessary; appealing any decision of a court in any case or proceeding in which such counsel participates in an official capacity; making applications to any federal court for grants of immunity as authorized by law; and, initiating and conducting prosecutions in any court of competent jurisdiction, framing and

⁴⁶ 15 U.S.C. § 781(i).

⁴⁷ 15 U.S.C. § 56.

⁴⁸ 42 U.S.C. § 405(1).

signing indictments, filing informations, and handling all aspects of any case, in the name of the United States. ⁴⁹

United States International Trade Commission

The Commission shall be represented in all judicial proceedings by attorneys who are employees of the Commission or, at the request of the Commission, by the Attorney General. ⁵⁰ The Commission may bring an action in an appropriate district court to recover civil penalties for violation of Commission orders relative to unfair trade practices in importation of articles into the United States. ⁵¹

Interstate Commerce Commission

The Commission may bring an action to enjoin rail carriers from committing certain acts, compel compliance with its orders, or enforce certain provisions of the United States Code. ⁵² The Commission may bring an action for a civil penalty for transporting hazardous wastes without the required certificate, permit or license. ⁵³ The Commission may file a petition for writ of certiorari to the Supreme Court for review of an adverse order of a court of appeals which enjoins, sets aside, or suspends, in whole or in part, an order of the Commission. ⁵⁴

Department of Labor

Attorneys appointed by the Secretary shall represent the Secretary, the

⁴⁹ 28 U.S.C. § 594(a).

⁵⁰ 19 U.S.C. § 1333(g).

⁵¹ 19 U.S.C. § 1337(f)(2).

⁵² 49 U.S.C. § 11701.

⁵³ 49 U.S.C. § 11901(h).

⁵⁴ 28 U.S.C. § 2350.

deputy commissioner having jurisdiction, or the Benefits Review Board in any court proceedings, except for proceedings before the Supreme Court, under certain provisions of the Longshoremen's and Harbor Workers' Compensation Act. ⁵⁵

The Secretary may bring an action in district court to restrain violations of any rule, regulation, or order with respect to safety provisions to prevent injuries in certain areas of employment, ⁵⁶ and the Secretary may bring civil suit to collect all civil penalties and unpaid assessments provided for in the Act. The Secretary shall be represented by the Solicitor of Labor in any civil action brought to recover a civil penalty assessed for violations of certain child labor laws. ⁵⁷ Subject to the direction and control of the Attorney General, the Solicitor of Labor shall also appear for and represent the Secretary in any civil litigation, except before the Supreme Court, brought under certain statutes pertaining to mine health and safety ⁵⁸ and occupational safety and health. ⁵⁹ In civil litigation concerning employee benefit rights, except for litigation before the Supreme Court, the Secretary may be represented by attorneys appointed by him, but all such litigation shall be subject to the direction and control of the Attorney General. ⁶⁰

Merit Systems Protection Board

Except for litigation before the Supreme Court, attorneys designated by

⁵⁵ Act of March 4, 1927, 44 Stat. 1424, codified, as amended, at 33 U.S.C. §§ 901 et seq. Authorization at 33 U.S.C. § 921a.

⁵⁶ 33 U.S.C. § 941.

⁵⁷ 29 U.S.C. § 216(e).

⁵⁸ 30 U.S.C. § 822.

⁵⁹ 29 U.S.C. § 663.

⁶⁰ 29 U.S.C. § 1132(j).

the Chairman of the Board may appear for the Board in any civil action brought in connection with any function carried out by the Board and authorized by law. ⁶¹

National Credit Union Administration

In the course of placing a federal credit union into involuntary liquidation, a liquidating agent appointed by the Board shall have power to sue in his own name or in the name of the federal credit union in liquidation and defend such actions as may be brought against him as liquidating agent or against the federal credit union. ⁶²

National Labor Relations Board

Board attorneys may, at the direction of the Board appear for and represent the Board in any case in court. ⁶³ Regional attorneys may petition the appropriate district court to enjoin unfair labor practices. ⁶⁴

Nuclear Regulatory Commission

The Commission may file a petition for a writ of certiorari to the Supreme Court for review of an adverse order of a court of appeals which enjoins, sets aside, or suspends, in whole or in part, an order of the Commission. ⁶⁵

Overseas Private Investment Corporation

This corporation, an agency of the United States under the policy guidance of the Secretary of State, ⁶⁶ is authorized to sue and be sued in its corporate

⁶¹ 5 U.S.C. § 1205(h).

⁶² 12 U.S.C. § 1765(b)(3).

⁶³ 29 U.S.C. § 155(a).

⁶⁴ 29 U.S.C. § 160(1).

⁶⁵ 28 U.S.C. § 2350.

⁶⁶ 22 U.S.C. § 2191.

name and, notwithstanding any other provision of law, to represent itself or to contract for representation in all legal and arbitral proceedings. ⁶⁷

Pension Benefit Guaranty Corporation

The Corporation has the power to sue and be sued, complain and defend, in its corporate name and through its own counsel, in any court, state or federal. ⁶⁸ Civil actions may be brought by the Corporation for appropriate relief, legal or equitable or both, to enforce laws concerning pension guaranty funds ⁶⁹ and it is empowered to bring a civil action to recover a premium that is due the pension benefit guaranty fund. ⁷⁰

Securities and Exchange Commission

The Commission is authorized to bring actions in the district courts to enjoin violations of the domestic securities laws or to apply for a writ of mandamus commanding compliance with those laws or orders made in pursuance thereof. ⁷¹ Pursuant to its authority over securities exchanges, the Commission may invoke the aid of an appropriate court of the United States to require compliance with a subpoena, to enjoin illegal acts or practices, to seek civil penalties, and to apply for writs of mandamus commanding compliance with rules governing securities exchanges. ⁷²

Securities Investor Protection Corporation

The Corporation has the power to sue and be sued, complain and defend, in

⁶⁷ 22 U.S.C. § 2199(d).

⁶⁸ 29 U.S.C. § 1302(b).

⁶⁹ 29 U.S.C. § 1303.

⁷⁰ 29 U.S.C. § 1307(d).

⁷¹ 15 U.S.C. § 77t(b),(c).

⁷² 15 U.S.C. § 78t(c),(d),(e).

its corporate name and through its own counsel, in any state, federal or other court. ⁷³ The Corporation may apply to an appropriate court of competent jurisdiction for protective decrees and appointment of temporary receivers in cases involving brokers or dealers subject to regulation by the Securities and Exchange Commission when such dealers or brokers are in or are approaching financial difficulty. ⁷⁴

Senate Legal Counsel

When directed by the Senate, the Counsel may be authorized to bring a civil action to enforce a Senate subpoena, intervene or appear as amicus curiae, or serve as the duly authorized representative in obtaining an order granting immunity from a district court. ⁷⁵

Student Loan Marketing Association

The Association has the power to sue and be sued, complain and defend, in its corporate name and through its own counsel. ⁷⁶

United States Synthetic Fuels Corporation

The Corporation had the power to sue and be sued, subject to certain restrictions, in its corporate name and to complain and defend in any court of competent jurisdiction, to represent itself, or to contract for representation, in all judicial, legal, and other proceedings except that in the case of federal tort claims, it was to be represented by the Attorney General. ⁷⁷

⁷³ 15 U.S.C. § 78ccc.

⁷⁴ 15 U.S.C. § 78eee.

⁷⁵ 2 U.S.C. §§ 288b, 288c, 288d, 288f.

⁷⁶ 20 U.S.C. § 1087-2(i).

⁷⁷ 42 U.S.C. § 8771(a)(1982).

Tennessee Valley Authority

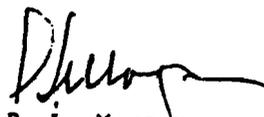
The Authority may sue and be sued in its own name. ⁷⁸

Department of Transportation

With the concurrence of the Attorney General, the Secretary may bring a civil action, by any of the Secretary's attorneys so designated for such purpose, to collect civil penalties for failure to comply with provisions of law concerning automobile bumper standards or to petition the appropriate district court to restrain violations of law concerning bumper standards. ⁷⁹

Department of the Treasury

The Chief Counsel for the Internal Revenue Service or his delegate shall represent the Secretary in proceedings before the United States Tax Court. ⁸⁰



P. L. Morgan
Legislative Attorney

⁷⁸ 16 U.S.C. § 831c.

⁷⁹ 15 U.S.C. § 1917(a),(b).

⁸⁰ 26 U.S.C. § 7452.

