

Websites and Copyright Law

In the twenty-first century, almost every business and non-profit entity in America, and perhaps in the world, has

a website. And almost none of those entities have more than a cursory understanding of intersection between various aspects of those websites and copyright law—nor the potentially very significant copyright risks arising from that lack of understanding. That is not surprising, since creating and maintaining websites are typically not part of their core businesses. Nonetheless, it behooves any website owner to understand and manage its website with copyright law risks in mind.

All websites have common features. First, they exist in the world wide web, with a unique domain name and Uniform Resource Locator (URL). Second, they are created and managed by underlying software code. Third, they have an overall layout and architecture, the “look and feel” of the website. Fourth, they contain content, such as text and images. Each of these features has its own set of copyright concerns. Each of these features (except for the domain name, which most often is governed by trademark law, not copyright law) may be separately copyrightable, independent of the other features. Thus, for example, one entity may own the copyright to the software code, while another may own the copyright to a photograph displayed on the website.

Copyright Ownership Who Owns the Copyright?

To understand any of these issues first requires a basic understanding of the copyright concepts that apply to websites. Chief among these are those that relate to ownership of copyrights.

The Copyright Act vests ownership of a copyright in the author. 17 U.S.C. §201. That seemingly unremarkable proposition has caused as much confusion as any other area of copyright law. And the confusion is enhanced by what may be the most misunderstood area in all of copyright law, even for intellectual property attorneys: the “work made for hire” doctrine. That doctrine, as defined in 17 U.S.C. §101, provides two ways that someone other than the “author” can acquire ownership of the copyright in a work at the moment of creation:

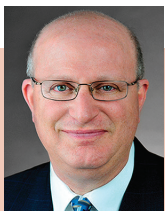
- (1) where the work is “prepared by an employee within the scope of his or her employment.”
- (2) where the work is “specially ordered or commissioned for use as a contribution to a collective work, as part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.”

In the context of websites, neither of these definitions applies very often. Most businesses are not in the business of creat-

ing websites; they outsource that function to companies that do so specialize. Thus, definition (1) rarely applies because rarely is the author of the website an employee acting within the scope of employment, at least as to the creation of the software code. An important distinction may exist as to website *content*, because it is more common for a company to have an employee create that content.

Definition (2) rarely applies for a variety of reasons. The most basic of these is that there must be a written contract, signed by the parties, that expressly states that the work product of the outside vendor will be deemed a work made for hire. Quite often, no such provision is included in the contract; indeed, it is far from unusual to see vendor-drafted contracts, barely read much less negotiated by the customer, that provide that it is the vendor, not the customer, that owns the intellectual property in the website.

Equally important, though, is that even where there is a written agreement signed by the parties that expressly designates the work as a work made for hire, it *still is not one* unless the work meets one of the nine different categories of types of works provided for in the statute. Most website elements, especially as to the software code, will rarely if ever fall within one of those nine categories. That means that where a business has outsourced the creation of its website to a website vendor, the vendor, rather than the customer, may well be the owner of the website’s copyright, or at least certain aspects of it, unless additional provisions are added to the contract.



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Moreover, some website vendors themselves do not have employees, but instead hire independent contractors for website development work. This adds another potential layer of complexity to the ownership equation, because the vendor itself may not own the copyrights to some or all aspects of the final work product that it delivers; unless the vendor has solid written contracts with its outsourced workers, it is possible that the vendor does not have any rights to convey to its customers. A business considering a contract with a website contractor may want to exercise some due diligence regarding who is performing the contracted-for work, and the relationship of those persons to the vendor.

The other avenue for a customer/website owner to gain ownership of the copyright to its website is via assignment. In contrast to ownership conveyed automatically from the moment of creation due either to authorship or as a work made for hire, an assignment transfers ownership only as of the date of the transfer. Also, ownership acquired by transfer is subject to termination 35 years after the assignment, pursuant to 17 U.S.C. §203. That might not seem to matter much in a world where digital content is ephemeral and ever-changing—but it can be more important than it appears at first blush. Some content, such as a photo or a story, can be vibrant and viable for much longer than 35 years, and ownership can make a big difference in some contexts to many different kinds of businesses.

Assignments of copyright ownership must be in writing and signed by the owner of the rights. 17 U.S.C. §101 and 17 U.S.C. §204. Oral assignments are not enforceable, nor are assignments by course of conduct. Only a signed written agreement suffices.

Why Ownership Matters

The Copyright Act gives certain exclusive rights to copyright owners. 17 U.S.C. §106. As applicable to websites, the most important of these are most often:

- (1) the exclusive right to reproduce the copyrighted work in copies;
- (2) the exclusive right to prepare derivative works based upon the copyrighted work;
- (3) the exclusive right to distribute copies of the copyrighted work; and

(4) the exclusive right to display the copyrighted work publicly.

While these are the most commonly encountered §106 rights in the website context, the other exclusive rights (relating to the right to perform the copyrighted work) may also arise depending on the website's content. For example, if a website includes

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music or music videos, the performance right may be implicated.

These rights can impact website owners in a multitude of ways. For example, suppose a company enters into a contract with a website developer that, to the company's later chagrin, does not include a provision transferring ownership of the software code from the vendor to the company—not at all an uncommon situation. As time goes on, the company decides to modify its website in some way, which may require a modification to the existing software code. If the vendor/developer owns the copyright to the code, is the company locked in to using that vendor/developer for the new project, and at a to-be-negotiated fee? Suppose the vendor demands more than the company is willing to pay. Is the company stuck or out of luck in seeking its desired modification? What happens when the contractual relationship with the vendor ends? Does

the company have no other recourse but to hire a new vendor and recreate its website from scratch?

This is not idle speculation. We have had occasion to represent clients faced with precisely these dilemmas. One client, for example, was sued in federal court for copyright infringement on its own website when it moved from one vendor to another, and the new vendor implemented the same website on a new platform. The first vendor claimed that it owned not only the underlying software code but the layout of the website itself, even though the customer owned the URL to its website. We eventually prevailed in that lawsuit, but only at significant litigation cost—and the problem could have been avoided altogether if the company had thought to review and negotiate its web development contract before signing it. Instead, as often occurs, the problem was only brought to a lawyer's attention after service of the copyright lawsuit.

The same issues arise in the context of intellectual property ownership as to content. It is quite common for website owners to assume erroneously that content found on the internet, whether text, photos, or other content, is in the public domain and may be freely borrowed and imported into one's own website. That assumption is incorrect far more often than it is correct. The creators (or their assignees) of text, layout, images, and other content almost always own the copyright on that content, and the accompanying exclusive rights granted under §106.

Claims arising out of borrowing content from elsewhere on the internet are common and frequent. Such claims may have any number of defenses and copyright claimants often overreach, but the best practice is to avoid the risk of such lawsuits in the first place by exercising due diligence as to any content. Website owners act at their peril if they do not confirm their rights to use, display, copy, or create derivative works for any content, *before* that content is posted to the website.

Copyright Infringement Litigation Issues Highlighted in Website Claims

When website owners receive pre-litigation letters asserting that they are infringing on copyrighted content (or find themselves

as defendants in copyright infringement lawsuits), and for the content owners who make such claims, there are often a wide range of issues presented. Here are some worth considering.

Ownership of the Copyright to the Software Code Does Not Imply Ownership of the Website Content

While most companies hire independent contractors to develop their websites, most companies provide the content for the website themselves. On occasion, the website developer will claim that because the code tells the computer how to display the content, the developer owns the copyright to the content, or at least the layout and look and feel of the content, in addition to the copyright to the code.

This is rarely correct. While it is true that the underlying code causes a website to display on a user's screen in a certain way, there are many, many ways to draft computer code that will cause a website to appear in a certain way. Merely drafting the code does not in itself give ownership of the content to the drafter; the drafter must have created the content, as well.

Thus, a customer may be perfectly justified in moving its content to a new vendor when the contract with the first vendor ends, provided that the new vendor creates new software code to cause the website to operate. The need to create new, dissimilar code, however, may increase the cost of the contract with the new vendor, another reason to consider this issue at the time of contract formation, not merely when the contract ends or a dispute with the first vendor arises.

Not Everything on a Website Is Copyrightable

Simply because someone created the content does not automatically render it copyrightable. Although the threshold for originality required to obtain copyright protection is low, such a threshold nonetheless does exist.

Titles and short phrases are not copyrightable—although it is possible that in some circumstances they may be protected as trademarks. Common elements, sometimes referred to as “scènes à faire,” are not copyrightable.

Copyright protects the expression of an idea, not the idea itself. Copyright claimants often confuse the two, but copyright defendants can succeed if they are able to demonstrate that the claim is only about the idea, not the way that the idea was expressed. It is not surprising, for example, for competitors in the same indus-

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try to use similar words and phrases (and website headings) to describe their services and products. The first person to use those words and phrases does not thereby gain an industry-wide monopoly on their use if they are common industry expressions. Additionally, where there are limited ways to express an idea, copyright protection may not be available due to the “merger doctrine.”

It is beyond the scope of this article to delve into each of these concepts in depth. But these issues can arise in many copyright dispute contexts, and when they do, they arise with perhaps greater frequency—and sometimes ferocity—in disputes about website content.

Registration as a Prerequisite—and the Shifting Landscape

Only a copyright owner or its exclusive licensee has standing to enforce a copy-

right. While a copyright exists from the moment that the expression of the idea is fixed in a tangible medium without any requirement that the copyright be registered, the copyright may not be *enforced* (or at least no lawsuit may be filed) until registration.

The Copyright Act provides:

...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.

17 U.S.C. §411(a). There are some exceptions (e.g., works originating outside of the United States in countries that are parties to the Berne Convention), and there is a split in circuit courts regarding whether the mere filing of an application for registration is sufficient or whether the Copyright Office must have actually issued a registration certificate. In some situations, the failure to register may, therefore, itself constitute ground for dismissal.

But in the website context perhaps more than any other, another aspect of registration is potentially more important—and the law is currently unclear about that aspect. Websites, after all, tend to be amalgams of various elements. They often contain both text and photographs, sometimes hundreds or even thousands of photographs. Yet many website owners, when they register at all, file only a single registration for the entire website, with the support of the Copyright Office.

Some courts have held that this single registration is sufficient to count as registration of each of the component parts, allowing lawsuits asserting, for example, infringement on a particular photograph or series of photographs among many contained in a registered website. *See, e.g., Alaska Stock, LLC v. Houghton Mifflin Harcourt Publ'g Co.*, 747 F.3d 673 (9th Cir. 2014); *Metropolitan Regional Information Systems v. American Home Realty Network, Inc.*, 722 F.3d 591 (4th Cir. 2013). These courts deferred to Copyright Office procedures allowing group registration, and emphasized that the registering website owner owned the copyright in all of the applicable content.

That itself raises the as-yet unsettled question of what the rule should be if the

website owner owns only some, but not all, of the content on the as-registered website. In one situation we defended, for example, the plaintiff had obtained assignments for all of the photographs of its own product found on its website, but decided to include articles by other authors on other pages on the same website. Those other authors (who included photographs of their own choosing to accompany their articles) retained copyright ownership of their own contributions. Did registration of the website, alone, thus give copyright protection to the claimed photographs, where the registrant did *not* own the copyright on *all* of the registered content of the website? The case resolved before a ruling on that issue—but the issue remains an open one under the case law.

Other courts have determined that the Copyright Office is not entitled to deference where its interpretation is contrary to the terms of the Copyright Act. Among the leading cases taking this position is *Muench Photography, Inc. v. Houghton Mifflin Harcourt Publ'g Co.*, 712 F.Supp.2d 84 (S.D.N.Y. 2010). That court noted the Copyright Office does not have discretion to forego the strict requirements for registration provided in the Copyright Act in the service of administrative efficiency.

Those registration requirements are set out in 17 U.S.C. §409, which provides:

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; and
- (10) 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.

There are good reasons for each of these requirements. For example, if one wants to obtain a license to use a copyrighted work, the entity to contact for clearance (the copyright claimant required in Subsection (1) should be readily available. The required information can be crucial in determining whether the copyright to a given work is still in effect or whether the work has entered the public domain and may therefore be used freely. Duration of a copyright depends on the life of the *author*, not of the *copyright claimant* if different from the author, and depends on the *type* of author (individual or corporation)—so information about the author is more than mere form over substance. Works created under the 1909 Copyright Act may be in the public domain if certain formalities were not followed. If a registrant does not provide all of this information for *each* claimed component part, the public will be unable to determine when and whether copyright protection for a given work will expire.

Websites tend to incorporate content from various sources. Most often, even content created by a single author and included in a single website was not all created or published at the same time. Websites are dynamic—the content changes over time. Because they are combinations of content from different sources, different authors, and different times, websites are most frequently “compilations” or “col-

lective works” under the Copyright Act. This, in turn, creates additional issues that, while perhaps not unique to websites, are likely to occur with considerable frequency.

A “compilation” is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term “compilation” includes collective works.

17 U.S.C. §101.

A “collective work,” therefore, is just one species of “compilation.” It is not a stand-alone type of work—and this can matter as we will see below.

A “collective work” is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate or independent works in themselves, are assembled into a collective whole.

17 U.S.C. §101.

Courts that have followed the “website registration is also registration of all component parts” approach have relied on the definition of “collective work.” *See, e.g., Alaska Stock*, 747 F.3d at 682. But none of these courts have considered that collective works are a subset of compilations—and that the Copyright Act provides only limited protection to compilations.

The copyright in a compilation or derivative work extends *only* to the material contributed by the author of such work, *as distinguished from the preexisting material* employed in the work, and *does not imply any exclusive right in the preexisting material*. The copyright in such work is independent of, and does *not affect or enlarge* the scope, duration, ownership, or substance of, any copyright protection in the preexisting material.

17 U.S.C. §103(b) (emphasis added).

The authority allowing group registration is found in 17 U.S.C. §408(c)(1), which authorizes the Register of Copyrights to promulgate regulations allowing “a single registration for a group of related works.” But nothing in that section exempts such works from the requirements of §409. Nothing in that section authorizes

the Copyright Office to create such exemptions. And nothing in that section modifies the provision in §103(b) that provides only thin protection to compilations, expressly stating that registration of a website as a collective work does not imply any rights in the preexisting material incorporated as a component, and does not enlarge the scope of any copyright protection in that preexisting material.

This creates lurking dangers for both the website registrant and the potential defendant/infringer. For the registrant, the decision to register only the website as a whole creates the risk that, despite some case law to the contrary that has not considered the import of either §409 or §103(b), a later court will evaluate those sections and apply them to deny relief. On the other hand, separately registering each component part of a website, perhaps as it is added to a website, can be a cumbersome and expensive task, part of the reason that the Copyright Office allowed such registrations in the first place. A website owner should consider carefully before registering only the website to protect its rights to enforce copyright protection to the component parts of the website.

For the accused infringer, the lurking danger is that it will be exposed to claims for works that it could not have known were properly registered. It is exceedingly difficult and expensive, as well as a very slow process, to obtain a copy of the registrant's deposit from the Copyright Office, and in our experience, copyright claimants often assert that they did not keep copies of their deposit. Thus, it is virtually impossible for an accused user to determine, before its use, whether a particular image or component was or was not registered. And, once an infringement claim has been made, it is similarly virtually impossible for a now-accused infringer to confirm whether the claimed component was, in fact, included in the registration.

On the other hand, the accused user can likely avoid such difficulties by avoiding borrowing content without first obtaining clearance to use it. Potential users would be wise to assume always that content that they did not create themselves is owned by someone else, unless they have direct evidence that the work is in the public

domain. The best way to avoid this lurking danger is not to borrow content in the first place.

Group registration creates yet another lurking danger for both the registrant and the potential defendant: how many "works" are at issue for purposes of calculating statutory damages. The Copyright Act allows

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a claimant the option of seeking statutory damages, ranging from as little as \$200 (for innocent infringement) to as much as \$150,000 (for willful infringement), and anywhere in between. But the statutory damages are allowed "with respect to any one work." 17 U.S.C. §504. Where there is only one registration with many component parts, is there only one work or many for statutory damages purposes? The case law is unclear.

Some courts have held that one registration means only one work. *See, e.g., Grady v. Swisher*, 2014 WL 3562794, *15 (D. Col. 2014); *Lee Middleton Original Dolls v. Seymour Mann*, 299 F.Supp.2d 892 (E.D.Wis. 2004). In *Yellow Pages Photos, Inc. v. Ziplocal, LP*, 795 F.3d 1255 (11th Cir. 2015), the court held that each group registration constituted one work for statutory

damages purposes, even though each group consisted of hundreds of individual photographs.

At least as to photographs, however, the Copyright Office is proposing (as of the time of this writing) a rule that may change this. *See* Federal Register, Vol. 81, No. 231, Thursday, December 1, 2016, Proposed Rules, available at <http://www.gpo.gov>. The proposed rule will allow group, electronic registration of up to 750 photographs. To be eligible, all of the photographs in the group must have been taken by the same photographer, which may disqualify some websites from such registrations. Moreover, the registration requirements under the proposed Rule would require certain information be included for *each* photograph in the group, potentially a move in the right direction towards increasing the ability of potential users to determine which images are included in a given registration.

Importantly for the present discussion, the Copyright Office posits that, when enacted and followed by a Registrant, such registrations will not be considered as compilations or collective works, but rather will constitute a registration of each photograph in the work as a separate "work." Thus, unlike the current trend in the law, the Copyright Office suggests that where one has infringed on more than one photograph contained within the group registration, the claimant would be entitled to seek a separate statutory damages award for each infringed-upon photograph.

Conclusion

The landscape for copyright law as applied to websites is in a state of flux. The case law is unsettled regarding how best to register a website's content to maximize protection, and regarding the consequences of infringing on less than all of that content. The Copyright Office's interpretation is accepted by some courts and rejected by others—and the Office is moving forward to change the rules still further.

In these uncertain and fluctuating times, it is in the interest of all involved in creation and management of websites and their content to act mindfully. For the unwary, there are lurking dangers galore. 