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The Public Performance Problem in  
*Cartoon Network LP v. CSC Holdings,*  
*Inc.*

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Copyright law, precisely because it has taken shape around the model of a book communicated to the public by multiplication of copies, has experienced difficulty, not to say frustration, with cases where communication is by performance or representation.

– Judge Benjamin Kaplan

**W**orks of authorship are intangible arrangements of words, numbers, lines, shapes, colors, notes, sounds, and the like,

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<sup>1</sup> Benjamin Kaplan, *Publication in Copyright Law: The Question of Phonograph Records*, 103 U. PA. L. REV. 469, 473 (1955).

which must be materially rendered in order to become perceptible to the reader, listener, or viewer. The law of copyright accommodates the reality of physical embodiment by making fixation in a tangible form the threshold requirement for protection. The transformation of intangible expression to tangible copy, in turn, gives rise to the marketplace in copies and performances. Copies and performances are manifestations of works—that is, ways of rendering them—as a result of which they can be perceived and communicated. We rely on this system of copies and performances, together with their attendant rights—reproduction, distribution, performance, and display—to turn works of authorship into literary, musical, and artistic property.<sup>2</sup> What continually disrupts and unsettles the relationship between copies and performances, however, are the technologies we use for making and distributing copies of works, as well as for recording and transmitting performances of them.

The latest chapter in the long-running story about the interplay between copying and performance was written by the Second Circuit in *Cartoon Network LP v. CSC Holdings, Inc.*,<sup>3</sup> a clash between a

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<sup>2</sup> Reproduction and distribution together compose the familiar copyright concept of “publication.” Publication might be thought of as the core right of copyright, as well as, traditionally, the primary interest of the copyright owner. Performances of works may also be “published,” i.e., physically distributed, either in the form of copies (“phonorecords” for musical works and films, tapes, DVDs, etc., for audiovisual works) or through electronic transmission (radio, cable, Internet, etc.).

When a performance is transmitted, its transient sounds and images are made perceptible to the listener or viewer through a receiving device, but they are not necessarily fixed by the device for subsequent retrieval. A performance that is transmitted over radio or television or that is streamed over the Internet, therefore, usually doesn’t implicate the reproduction right, *but see infra* note 80, although *what* is performed usually emanates from the playing of a “mechanical” (nowadays, electronic) or machine-readable copy. Even in the case of live performances, the performers are presumably reading from a copy of the work that they are performing, unless the work is improvised by the performers themselves.

<sup>3</sup> 536 F.3d 121 (2d Cir. 2008), *cert. denied*, 129 S. Ct. 2890 (2009). Cartoon Network is a cable channel controlled by Time Warner, Inc., and CSC Holdings is the name of Cablevision’s operating company. The Second Circuit reversed Judge Denny Chin’s decision in the district court. *See Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 607 (S.D.N.Y. 2007). In the Supreme Court, the appeal of *Cartoon Network* was filed as Petition for Writ of Certiorari, *Cable News Network, Inc. v. CSC Holdings, Inc.*, 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 4484597. The content providers involved in the final stage of the litigation, who were listed for the Supreme Court as petitioners (i.e., the “studios”), were Twentieth Century Fox Film Corp., Universal City Studios Productions LLLP, Paramount Pictures Corp., Disney Enterprises, Inc., CBS Broadcasting, Inc., American Broadcasting Co., Inc., NBC Studios, Inc., Cartoon Network, Inc., Cable News Network, Inc., Turner Broadcasting Sys., Inc., Turner

consortium of content providers and the Long Island-based cable television network. The story this time around centered on the second generation of “time-shifting” technology: the digital video recorder (DVR). The DVR—like a videocassette recorder (VCR)—is a machine that records televised programming. It does so, however, in digital rather than analog form, and it saves the programming on a hard disk drive, rather than on a spool of magnetic tape.

## I

### REPRISE OF THE BETAMAX CASE?

Cablevision’s “RS-DVR” will be a networked version of the DVR. The “RS” stands for “remote storage”;<sup>4</sup> the subscriber who uses the RS-DVR will select the TV programming to be time-shifted, but the programming will be recorded by Cablevision’s automated equipment and saved in Cablevision’s central data storage for playback at a later time on the subscriber’s command.<sup>5</sup> When Cablevision’s automated data storage system records a broadcast at the request of an individual subscriber, it will save a separate copy of that selection in a file designated for the subscriber’s exclusive use. If 1000 subscribers ask for *The Sopranos* to be recorded between 9:00 p.m. and 10:00 p.m., EST, then 1000 copies of the program will be saved by Cablevision’s system in 1000 separate files. When subscriber Smith asks for *The Sopranos* to be replayed, a performance of the copy in Smith’s folder will be transmitted to Smith’s cable box. When subscriber Jones asks for *The Sopranos* to be replayed, a *different* copy of *The Sopranos*—the one from Jones’s folder—will be performed and transmitted, even though Smith’s and Jones’s copies both had their origins in the same HBO telecast.

Unlike the set-top DVR—which is a stand-alone device that may be owned by the customer or rented from the cable company—the RS-DVR will be a service provided by Cablevision. This difference—service vs. device—is what distinguished *Cartoon Network* from the celebrated “Betamax” case, *Sony Corp. of America v. Universal City Studios, Inc.*,<sup>6</sup> in which the Supreme Court held that

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Network Sales, Inc., Turner Classic Movies, Inc., and Turner Network Television, Inc. See *id.* at iii–vi.

<sup>4</sup> See *Cartoon Network*, 536 F.3d at 123.

<sup>5</sup> *Id.* at 124.

<sup>6</sup> 464 U.S. 417 (1984).

a manufacturer of video cassette recorders could not be held liable for contributory infringement based on unauthorized copying by individuals who used their own Betamaxes to record and view copyrighted television programs.<sup>7</sup> It is also, however, what made Cablevision vulnerable to a charge of *direct* infringement.<sup>8</sup>

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<sup>7</sup> *Id.* at 442–47. Sony was absolved from contributory infringement principally because its Betamax VCR was found to have “substantial noninfringing uses,” viz., it could be used to record unprotected material. *Id.* at 418. Because the VCR is a multi-use technology rather than one that is useful only for infringing, Sony’s awareness of the potential infringing home uses of its machine was no more than “equivocal.” *Id.*; cf. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 932–33 (2005) (noting that *Sony* “absolves the equivocal conduct of selling an item with substantial lawful as well as unlawful uses”). In addition, there was no underlying direct infringement by the home viewers who purchased Sony’s VCRs because their “time-shifting” of broadcast television programming was by and large excusable as fair use. *Sony*, 464 U.S. at 447–57.

<sup>8</sup> The studios did not charge Cablevision with contributory infringement, perhaps assuming that *Sony* shielded Cablevision from this claim. *Cartoon Network*, 536 F.3d at 124. For its part, Cablevision did not assert a fair use defense. *Id.* In opposing the studios’ attempt to get a hearing by the Supreme Court, the Solicitor General, Elena Kagan, argued that the omission of these “two critical issues” was an “artificial truncation of the possible grounds for decision” and made the case “an unsuitable vehicle for clarifying the proper application of copyright principles to technologies like the one at issue here.” Brief for the United States as Amicus Curiae at 6, *Cable News Network, Inc. v. CSC Holdings, Inc.*, 129 S. Ct. 2890 (2009) (No. 08-448), 2009 WL 1511740 [hereinafter S.G. Brief]. However, Kagan recognized that network-based services raise important copyright issues that are likely to recur in other contexts, and she left the door open to changing the government’s position if a circuit split later develops. *See id.* at 7 & n.3. For two obvious reasons, the studios probably would not have gotten very far on a theory of contributory infringement: (1) the likelihood that there will be no underlying direct infringement because the time-shifting by Cablevision’s subscribers will be a permissible fair use, and (2) *Sony*’s expansive safe harbor for new technology with substantial, non-infringing uses. The Second Circuit hinted, however, that it might have viewed the “volitional copying” issue more favorably for the studios had they framed it as a contributory rather than a direct infringement claim because of a fact that distinguished the case from *Sony*—the “ongoing relationship” between Cablevision and its RS-DVR subscribers. *See Cartoon Network*, 536 F.3d at 132–33 (citing *Sony*, 464 U.S. at 437–38). (The “volitional copying” issue is briefly explained in *infra* note 81.)

On the other hand, it was possible that a Cablevision fair use defense might have succeeded, although Cablevision would have had to overcome the problem that the Second Circuit had rejected a similar tactic ten years earlier. *See Infinity Broadcast Corp. v. Kirkwood*, 150 F.3d 104, 108–12 (2d Cir. 1998) (retransmission of radio broadcasts by operator of telephone monitoring service was not a fair use).

A related question was whether Cablevision, if denied a fair use defense on its own behalf, could have asserted that it was acting for the benefit of its subscribers. This too, however, would have been a long shot because for-profit businesses are generally not allowed to stand in the shoes of their customers for the purposes of fair use. *See, e.g., Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381, 1389 (6th Cir. 1996) (en banc). In any event, Cablevision—as it turned out, wisely—chose not to assert a fair

On the charge of direct infringement, two legal questions were posed by this arrangement: First, will Cablevision—by copying the works that it broadcasts in real time and later playing back these individual copies to the subscribers who requested them—“reproduce” and then “perform” the protected works via transmission over its network? Second, if so, should these unauthorized performances be considered “public,” and therefore infringing, or “private,” and therefore not? The crux of the dispute, in other words, was the legal concept of public performance. At the most fundamental level, the question of public performance required the court to determine exactly what Cablevision would be storing and then streaming.

## II

### THE PHENOMENON OF PHYSICAL EMBODIMENT

In a twist on the copyright principle of “originality,” the dispute was over the provenance of the copy rather than the provenance of the work—and not just the provenance of the copy, but the provenance of the *performance* of the copy. Once more, the puzzle presented by Cablevision’s RS-DVR service arises from the phenomenon of physical embodiment.

Musical or dramatic works may be manifested in the form of performances as well as in the form of copies, and thus they may be experienced by members of the public when they are published in textual copies or performed in different media.<sup>9</sup> The relationships between these manifestations seem like they should be simple enough to explain, given that the author is the origin of the work and that what an author initially creates is a work, not a copy or a performance of one. Intuitively, the work always comes first, then the copy, then the performance, regardless of who is doing the copying or performing.

In the traditional, non-improvisatory situation, the author makes a copy of the work, “fixed in [a] tangible medium of expression,”<sup>10</sup> and then a performer reads from that copy (i.e., recites, renders, plays,

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use defense of any type, and the studios obviously couldn’t do it on Cablevision’s behalf. See *infra* text accompanying notes 161–74, for a discussion of the fair use issue.

<sup>9</sup> See GÉRARD GENETTE, *THE WORK OF ART: IMMANENCE AND TRANSCENDENCE* 91–99 (G.M. Goshgarian trans., Cornell Univ. Press 1997) (1994).

<sup>10</sup> 17 U.S.C. § 102(a) (2006).

dances, or acts) to realize the work in the form of a live performance.<sup>11</sup> In the electronic variant of that situation, a live performance, rendered traditionally, is recorded on a copy or “phonorecord,” which is then played back (“performed”) by a viewer or listener, who activates it on some type of mechanical or electronic device or, in the case of a transmission, receives the playback of the recording on a television or radio receiver. This variant describes audiovisual works, such as movies and prerecorded TV programs,<sup>12</sup> as well as most sound recordings.<sup>13</sup>

The problem bequeathed by the twentieth century’s technologies of copying and performance is that recorded performances themselves can be copied, and those copies, in turn, can be “performed,” that is, rendered by means of machines that are designed to make the recorded performances perceptible. This broad notion of performance is mandated by the statute, which defines to “perform” as “to recite, render, play, dance, or act it, *either directly or by means of any device or process* or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.”<sup>14</sup>

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<sup>11</sup> See Sara K. Stadler, *Performance Values*, 83 NOTRE DAME L. REV. 697, 700, 708–10 (2008) (describing origins of performance rights in live performances from textual copies).

<sup>12</sup> See 17 U.S.C. § 101 (2006). The statute defines “audiovisual works” as “works that consist of a series of related images *which are intrinsically intended to be shown by the use of machines, or devices* such as projectors, viewers, or electronic equipment, together with accompanying sounds.” *Id.* (emphasis added).

<sup>13</sup> *Id.* The statute defines “sound recordings” as “works that result from the fixation of a series of musical, spoken, or other sounds.” *Id.* Although this definition is broad enough to cover recordings of sounds that aren’t also performances of works (such as bird calls or street noises), a copyrighted sound recording in the music industry is almost invariably a reproduction of a performance that consists of an underlying work (usually a musical composition) and a performance of that work.

<sup>14</sup> *Id.* (emphasis added). The legislative history elaborates on this definition.

[T]he concepts of public performance and public display cover not only the initial rendition or showing, but also any further act by which that rendition or showing is transmitted or communicated to the public. Thus, for example: a singer is performing when he or she sings a song; a broadcasting network is performing when it transmits his or her performance (whether simultaneously or from records); a local broadcaster is performing when it transmits the network broadcast; a cable television system is performing when it retransmits the broadcast to its subscribers; and *any individual is performing when whenever he or she plays a phonorecord embodying the performance or communicates the performance by turning on a receiving set.*

H.R. REP. NO. 94-1476, at 63 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5678 (emphasis added).

This broad definition leads to a crucial difference between the legal notions of copying and performance. It is well understood that multiple textual copies of a work all embody the same work, as long as the texts of all the copies are exactly reproduced.<sup>15</sup> Although their value as copies will be degraded if they are not authentic (i.e., textually accurate), the primary legal concern is whether they are authorized (i.e., copied lawfully). When performances are reproduced, however, it's a trick question to ask whether all copies of a performance embody the same performance or whether each copy instead embodies its own distinct performance. This is because recorded performances can themselves be copied, and often are. Serially created copies that originate from the same performance are all recordings, or copies, of the same performance. However, each time a copy of a performance is played (or "performed"), a distinct new performance is rendered. These new performances are performances *of* the copy as well as renderings of the performance *in* the copy.

### III

#### COPYING AND PERFORMING

The issues and arguments on either side of the *Cartoon Network* case tracked the intertwined rights invoked by the studios—reproduction and performance. Cablevision, as defendant, had to win on both issues because infringement of either right would result in liability, while the studios only had to win on one. Cablevision argued that the copies made for its RS-DVR service will be lawfully made because they will be remotely initiated by the home viewers, even though ordered through Cablevision's network and archived on its equipment.<sup>16</sup> Cablevision further maintained that its transmissions

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<sup>15</sup> See Jeffrey Malkan, *What is a Copy?*, 23 CARDOZO ARTS & ENT. L.J. 419, 425 n.24 (2005). This is only true of textual copies, that is, copies of literary and dramatic works (as well as scores of musical works). *Id.* The case is different for pictorial, graphic, and sculptural works. *Id.* For those artworks (leaving aside the special cases of serially produced prints or sculptures cast from molds), the only authentic copy is the first one made by the artist; the rest are reproductions. *Id.*

<sup>16</sup> See *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 126 (2d Cir. 2008). This raised the peripheral question of whether the court could decide against Cablevision without taking sides in a contest between competing technology platforms. The network vs. device question was put to the Second Circuit in an amicus brief by Professor Timothy Wu of Columbia Law School. Brief of Amicus Curiae Professor Timothy Wu in Support of Reversal, *Cartoon Network*, 536 F.3d 121 (2d Cir. 2008) (No. 07-1480-cv(L)), 2007

from the remote storage facility to the viewers' cable boxes will not be public performances because each transmission will emanate from a unique copy and be accessible only to the individual viewer who ordered that copy.<sup>17</sup>

The studios responded that, even though the copying process will be automated, Cablevision will be responsible for making the RS-DVR copies because there is no "automation exception" for copyright infringement and the copying will be done on a system designed, owned, and maintained by Cablevision for the sole purpose of copying its own TV programs.<sup>18</sup> Because this copying will be unauthorized and unexcused, Cablevision will infringe their reproduction rights.<sup>19</sup> The studios also denied that Cablevision's RS-

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WL 6101597. He argued that the court should not handicap the technology race between networked "cloud" computing and dispersed "desktop" computing by penalizing a storage and retrieval process that could be performed more efficiently on a network. *See id.* at 12–17. The flip side to this rationale was the studios' objection that Cablevision's technology is, in fact, inefficient: there is no technical benefit to making and storing thousands of personal copies of its linear programming, rather than using one master copy to satisfy all customer orders. *See* Brief of Plaintiffs-Counter-Defendants-Appellees Twentieth Century Fox Film Corp., et al. at 26 n.3, *Cartoon Network*, 536 F.3d 121 (2d Cir. 2008) (No. 07-1480-cv(L)), 2007 WL 6101619 [hereinafter Fox Brief]. They argued that the only reason for Cablevision to save all of these duplicative copies would be the legal one of distinguishing RS-DVR from VOD. *See id.*

<sup>17</sup> Brief and Special Appendix for Defendants-Counterclaimants-Appellants at 57, *Cartoon Network*, 536 F.3d 121 (2008) (No. 07-1480-cv(L)) [hereinafter Cablevision Brief].

<sup>18</sup> *See Cartoon Network*, 536 F.3d at 126. The system will make buffer copies of Cablevision's entire programming stream, and then select particular programs to preserve in the form of RS-DVR copies for subscribers who ordered them. *See id.* at 124–25. Cablevision argued that the buffer copies will be too transient to qualify as "fixed," and that the RS-DVR copies will be made by the subscribers themselves, through the remote operation of their cable boxes, rather than by Cablevision. *See id.* at 129–30. The Second Circuit accepted both of these defenses, *id.* at 127–33, but intimated that the latter issue might have gone in favor of the studios had they framed it in terms of contributory rather than direct infringement, *see id.* at 132–33.

<sup>19</sup> *See* Brief of Plaintiffs-Counterclaim-Defendants-Appellees at 27–47, *Cartoon Network*, 536 F.3d 121 (2008) (No. 07-1480(cv)(L)). The question of who will "perform" the copies—Cablevision or the home viewer—mirrored the question of who will "reproduce" the copies. On this issue, the most important difference between the reproduction and performance rights is that one party (Cablevision) or the other (the home viewer) must be assigned responsibility for copying the televised broadcast, that is, for being the direct infringer. The options are mutually exclusive. (It would have been possible, of course, to find that only the home viewer will directly infringe, but that Cablevision will contributorily infringe by facilitating the infringement.) In contrast, both the Cablevision and the home viewer could have been found fully responsible for performing the work when a program is transmitted to a viewer through a network—Cablevision by transmitting it and the home viewer by receiving it (that is, "playing" it on a radio or TV set).



DVR performances—that is, its transmissions to the individual viewers—will be private. It doesn't matter, they argued, that these transmissions will emanate from custom-made copies.<sup>20</sup> Whether Cablevision stores one master copy of its entire program schedule or multiple, personal copies of the various programs on the schedule won't affect the studios' performance rights because each performance that Cablevision streams through its RS-DVR service will be a performance of a program that was previously telecast on Cablevision's linear programming schedule and licensed only for the initial, real-time transmission.<sup>21</sup>

#### IV

#### MYSTERIES OF THE “TRANSMIT CLAUSE”

The starting point for analyzing this impasse is the statutory definition of public performance and, specifically, the second paragraph—known as the “transmit clause.”

To perform or display a work “publicly” means—

- (1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or
- (2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it

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This is because transmitting a performance and receiving a transmission are both recognized to be legal performances of the work, under the “multiple performance” doctrine, first articulated by Justice Louis Brandeis in 1931, *see* *Buck v. Jewell-LaSalle Realty Co.*, 283 U.S. 191, 198 (1931), and rejuvenated by the definition of public performance in the Copyright Act of 1976, *see supra* note 14. (In the interim between 1931 and 1976, the doctrine's viability had been thrown into doubt by the Supreme Court's decisions in *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, 396 n.18 (1968), and *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394, 406–10 (1974)).

The Second Circuit in *Cartoon Network* declined to answer the question of who will be performing the RS-DVR copies, but warned rather cryptically that even if the subscriber, rather than Cablevision, will be doing the “copying,” it does not necessarily follow that the subscriber, rather than Cablevision, will also be doing the “performing” because “[t]he definitions that delineate the contours of the reproduction and public performance rights vary in significant ways.” *Cartoon Network*, 536 F.3d at 134.

<sup>20</sup> *Cartoon Network*, 536 F.3d at 135–36.

<sup>21</sup> *Id.* at 136.

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in the same place<sup>22</sup> or in separate places and at the same time or at different times.

The language in the transmit clause that causes the interpretive problem is the closing phrase, “separate places/different times.” This provision expands “publicly” to mean that the “members of the public” who receive a transmission do not need to be gathered together, either spatially or temporally.<sup>23</sup>

The spatial aspect of “separate places/different times” is easy enough to understand. The people who receive a transmission may be physically dispersed; the very concept of broadcasting is based on the notion that a program goes out electronically to people who will receive it in different places. When FDR gave his fireside chats, for example, he addressed the American *public*, but the public did not need to gather in one place to join his audience. That was the magic of radio.

The temporal aspect of “separate places/different times,” though, is more opaque. No doubt this language confirms that a radio or TV transmission can be time staggered. *When* such time staggering might be relevant to a performance rights claim, however, is not clear from the statute or its legislative history. The contiguous forty-eight states have four time zones, and a broadcast network may choose to transmit a program at different times for different zones. Even though viewers in the West may receive a program three hours later than those in the East, the transmit clause says they all still belong to the same viewing “public.” Of course, such nationwide broadcasts would be public anyway, so this application of the “different times” provision would serve only to confirm the obvious.<sup>24</sup>

It is also unclear how Congress intended the spatial and the temporal aspects to affect each other. How should the “ors” and the “ands” in the “separate times/different places” phrase be parsed? The language allows four alternatives. Members of the public may be: (1) in the same place at the same time, (2) in separate places at the same time, (3) in the same place at different times, or (4) in separate places at different times.

One and two are easy to illustrate. (1) Everyone is gathered in a theater to watch a concert or sporting event that is televised by a

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<sup>22</sup> 17 U.S.C. § 101 (2006).

<sup>23</sup> *See id.*

<sup>24</sup> *See* 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 8.14[C][3] (2006).

closed-circuit TV transmission. (2) Everyone watches the televised event on his or her TVs at home.

The third alternative, however, is more difficult to illustrate (the illustration will be the *Redd Horne* case, below), and the last is even more so. Indeed, the statutory language is downright ambiguous on the final point. Did Congress intend for a complete disjunction between the places and times where a transmission is received by an audience? Doesn't something, either time or place, have to remain the same in order to constitute the audience as a "public" one?

## V

### MAXWELL'S VIDEO SHOWCASE

Melville Nimmer provided the theoretical framework for understanding the statute's "separate places/different times" provision, and in real life, a quartet of cases that originated in the Third and Ninth Circuits provided the illustrations. The cases relied on Professor Nimmer, and Professor Nimmer, in subsequent editions of his treatise, reflected upon and generally approved the cases that applied his analysis.<sup>25</sup>

Nimmer's discussion of "separate places/different times" is divided into two headings, "Performances in Which the Audience is Geographically Dispersed" and "Performances in Which the Audience is Chronologically Dispersed."<sup>26</sup> Under the "chronological" heading, he pointed out the difficulty of taking the "different times" provision at face value.<sup>27</sup> If taken literally, he wrote, the playing of a phonograph record in the privacy of one's own home would be a public performance because "other members of the public will be playing duplicates of the same recorded performance 'at different times.'"<sup>28</sup> Because all recorded copies of a musical

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<sup>25</sup> See Ann Bartow, *The Hegemony of the Copyright Treatise*, 73 U. CIN. L. REV. 581, 595-96 (2004).

<sup>26</sup> See 2 NIMMER & NIMMER, *supra* note 24, at § 8.14[C][2]-[3].

<sup>27</sup> *Id.* at § 8.14[C][3].

<sup>28</sup> *Id.* at § 8.14[C][3]. Nimmer's example failed to illustrate the point he was trying to make because the phrase "separate places/different times" is quoted from the "transmit clause," and a phonograph record played at home isn't a transmission of a performance, even under the Copyright Act's expansive definition of "transmit." See *id.* This is because the recording would be considered a mechanical copy of the work rather than any kind of performance of it. The composer accordingly would be entitled only to the compulsory license fees for mechanical copies specified by section 115. See 17 U.S.C. § 115(a) (2006). Subsequently, the composer might receive performances royalties if the

performance embed the same live performance, the playing of each copy is a discrete performance (i.e., private), but it is also a repetition of the original, embedded performance (i.e., public).<sup>29</sup>

Nimmer found a fact to salvage “separate places/different times” by identifying something in a transmission that remains the same, despite the otherwise puzzling disjunction between the places and times where it may be received. “Upon reflection,” he wrote, “it would seem that what must have been intended was that *if the same copy* (or phonorecord) of a given work is repeatedly played (i.e., ‘performed’) by different members of the public, albeit at different times, this constitutes a ‘public’ performance.”<sup>30</sup> A ready example of Nimmer’s solution to the “different times” puzzle might have been the video rental scenario. At first glance it would appear that videotape and DVD rentals—where the same copy of a movie is repeatedly taken out by different customers—should implicate the public performance right because all the performances of that single copy are, in the aggregate, performances of the copyrighted work at “separate places” and in “different times.” It is generally recognized, however, that playing a rented video at home is a private, not a public, performance because no performances are transmitted, and this results despite the transmit clause’s open-ended language.<sup>31</sup>

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recording is publicly performed by transmission to the public or by being played in a public place, but he or she would not receive royalties for private performances, such as, in Nimmer’s example, when the purchaser of a phonograph record plays it at home. *See id.* at § 115(a)(1).

One of the first comments published on the *Cartoon Network* case provided a better illustration of Nimmer’s point about “separate places/different times.” “It is fairly obvious to say that if I make my own VCR recording of *Top Chef* and watch it again in my own home, then that would not be a public performance, as it would not fall under either clause of what is considered a public performance.” Cindy Abramson, Note and Recent Development, *Where’s the Remote? The Importance of the Location of the Remote Control (and the One Who Uses It) in Determining Liability for Copyright Infringement for Remote Storage DVRs*, 27 CARDOZO ARTS & ENT. L.J. 145, 158 (2009). This statement is correct, but not obviously so because the literal reading supposed by Nimmer would find it significant that other members of the viewing public will likely be making their own copies of the transmission and viewing them at “separate places” and “different times.” Even so, the transmit clause wouldn’t apply here because the homemade video would be considered a personal copy made under the privilege of fair use, rather than a time-delayed transmission of the telecast. *See Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 441, 446–56 (1984). The subsequent “performance” of the personal copy at home, for a single viewer or a family circle, would be a private one.

<sup>29</sup> 2 NIMMER & NIMMER, *supra* note 24.

<sup>30</sup> *See id.*

<sup>31</sup> What makes the clause open-ended is the phrase “transmit or *otherwise communicate*.” 17 U.S.C. § 101 (emphasis added). As expansive as this language is, it

Nimmer's own illustration of the "same copy" theory was the penny arcade "peep show," which, again, did not involve any transmissions of performances:

An example of a [public performance] may be seen in the old-fashioned penny arcade, where a short motion picture sequence might be seen in a coin-operated "peep show" device. No more than one person at a time could observe a given performance. Nevertheless, the same copy in the coin-operated device would give rise to numerous performances seen by the public each day. It would be strange, indeed, to conclude that these were private performances simply because only one person at a time observed each such performance.<sup>32</sup>

The textbook illustration of the "different times" provision—the one that Nimmer thought confirmed his "same copy" theory, and one that *did* entail a transmission—arrived in 1984, in a Third Circuit case involving a video rental store in Erie, Pennsylvania. The defendant in *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*,<sup>33</sup> was Maxwell's Video Showcase, an operation that rented videos in the front of the store and provided viewing booths in the rear where customers could watch the cassettes they had just rented.<sup>34</sup> The twist was that the VCRs weren't located inside the viewing booths themselves, but behind the counter in the front of the store.<sup>35</sup> One of Maxwell's clerks would place the cassette in the machine and play it; the movie would then be transmitted to the nineteen-inch color TV in the viewing booth where between two and four people could watch it.<sup>36</sup>

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would seem to exclude hand delivery of a physical copy. The legislative history speaks to all conceivable forms of "wired or wireless communications media." See *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 758–59 (S.D.N.Y. 1988) (quoting H.R. REP. NO. 94-1476, at 64 (1996)); see also *Columbia Pictures Indus., Inc. v. Prof'l Real Estate Investors, Inc.*, 866 F.2d 278, 281–82 (9th Cir. 1989) (interpreting "otherwise communicate" to refer only to processes that involve electronic transmission devices). Nimmer understood *Professional Real Estate Investors* to "implicitly establish[] that videodisk or videotape rental *simpliciter* is nonactionable." See 2 NIMMER & NIMMER, *supra* note 24.

<sup>32</sup> *Id.* (citations omitted). Of course, the penny arcade itself would easily have qualified as a "place open to the public" under the first clause of the statutory definition of public performance. See *supra* text accompanying note 22.

<sup>33</sup> 749 F.2d 154 (3d Cir. 1984).

<sup>34</sup> *Id.* at 156–57.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at 157. The viewers could not be unrelated; i.e., they would have to come into the store together. *Id.*

These facts seemed to provide an ideal illustration of Nimmer's theory of "different times." The same copy of a cassette would be repeatedly played, and not just played but also transmitted from the front of the store to the back.<sup>37</sup> The decision, however, went off in a different direction. Chief Judge Edward Re held for the plaintiff without applying the transmit clause, agreeing instead with the district court that the viewing booths themselves were by definition the sites of public performances because they were places open to the public.<sup>38</sup> In other words, he defined the relevant place where the copies were "performed" as the entire store, rather than the individual booths.<sup>39</sup> (In fact, it could have been argued that the copies weren't performed in the booths, where the TVs were located, but behind the front desk, where the VCRs were located. Either way, it made sense to frame the site of performance to include both the VCRs and the TV sets.<sup>40</sup>) "Simply because the cassettes can be viewed in private," he wrote, "does not mitigate the essential fact that Maxwell's is unquestionably open to the public."<sup>41</sup> He therefore found it "unnecessary to examine the second part of the statutory definition," that is, the transmit clause.<sup>42</sup> Nevertheless, perhaps oddly, he did so anyway, albeit in dicta. He quoted Nimmer's treatise and applied the single-copy rationale to the facts before him. "Although Maxwell's has only one

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<sup>37</sup> *Id.* at 156–57.

<sup>38</sup> *Id.* at 158–59.

<sup>39</sup> *Id.* In other words, he chose to frame the site of the disputed "performance" broadly, which made it a public place, rather than narrowly, which would have made it a private one. See *infra* note 139 and accompanying text.

<sup>40</sup> The judge in *On Command Video Corp. v. Columbia Pictures Industries* thought that a "performance occurs where it is received," that is, in the case of a movie video, "only when it is visible and audible." 777 F. Supp. 787, 789 (N.D. Cal. 1991). This would mean in *Redd Horne* that the performance of the videos occurred only in the viewing booths. However, this conclusion would be inconsistent with the legislative history, see *supra* note 14, and generally with the multiple performance doctrine, according to which a work is "performed" on both ends of a transmission—both by the sender and the receiver, see text accompanying *infra* note 132.

<sup>41</sup> *Redd Horne*, 749 F.2d at 159. In fact, the "transmit clause" dictum provides a better *ratio decidendi* than the court's principal holding, which was not very persuasive. An old-fashioned telephone booth, the obvious analogue, is open to any member of the public who wants to use it, but once in use, the person inside is entitled to a reasonable expectation of privacy. *Katz v. United States*, 389 U.S. 347, 352 (1967) (delineating a Fourth Amendment privacy right). The same was no doubt true of Maxwell's viewing booths, which, unlike telephone booths, presumably did not have transparent doors.

<sup>42</sup> *Redd Horne*, 749 F.2d at 159.

copy of each film, it shows each copy repeatedly to different members of the public. This constitutes a public performance.”<sup>43</sup>

Two years later, another Third Circuit case came along to push the *Redd Horne* envelope. The defendant in *Columbia Pictures Industries, Inc. v. Aveco, Inc.* maintained stores that likewise rented videocassettes and provided viewing rooms.<sup>44</sup> Aveco’s VCRs, however, were located inside the rooms, not behind the front desk, and Aveco allowed its customers to choose between renting a video to play in a rented room, renting a room without a video, or renting a video for out-of-store viewing.<sup>45</sup> The in-store performances weren’t transmitted from one place to another but rather were played by the customers inside the rooms they had rented.<sup>46</sup> Therefore, the transmit clause wasn’t implicated. The court nevertheless summoned *Redd Horne*’s “open to the public” rationale—its dubious principal holding—to determine that these performances were “public” because the rented rooms were analogous to public places like telephone booths, taxi cabs, and pay toilets.<sup>47</sup> This result is only convincing if one thinks that telephone booths and the like are truly public places and that in-store performances of rented videos are therefore more “public” than those done by customers who take their videos home to watch. As precedent, *Aveco* is weaker than *Redd Horne* because the court in *Aveco* couldn’t attach any decisional significance to the fact that the *same copy* would be viewed repeatedly, that is, “at different times.”<sup>48</sup>

The next logical step would be to ask whether videos played by guests in hotel rooms could violate the public performance right. The two possible scenarios would involve videos transmitted from the hotel’s front desk or those played on a machine located in the guest’s room. Only the former would implicate the transmit clause. In short

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<sup>43</sup> *Id.* A public performance in “different times,” one might note, but not in “separate places.”

<sup>44</sup> 800 F.2d 59, 60 (3d Cir. 1986).

<sup>45</sup> *Id.* at 61.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.* at 63.

<sup>48</sup> Nimmer nevertheless thought *Aveco* was correctly decided because “the defendant has usurped the copyright owner’s right to authorize public performances merely by furnishing the public viewing facility.” 2 NIMMER & NIMMER, *supra* note 24 (assuming the “viewing facility” was public). Nimmer also thought that, even though the tapes weren’t played and transmitted by Aveco, the store might still be liable as a contributory infringer. *Id.* (assuming Aveco’s customers were infringers).

order, the two cases that realized these possibilities were decided in California: *Columbia Pictures Industries, Inc. v. Professional Real Estate Investors, Inc.*<sup>49</sup> and, not long afterward, *On Command Video Corp. v. Columbia Pictures Industries.*<sup>50</sup>

In the *Professional Real Estate Investors* case, the lobby gift shop rented movies, which guests could play on projection TVs and videodisk players in their rooms.<sup>51</sup> The Ninth Circuit initially found that the transmit clause didn't apply to these video rentals because they weren't transmitted anywhere.<sup>52</sup> The court therefore limited its analysis to whether the hotel rooms themselves were places "open to the public."<sup>53</sup> The answer was no. "While the hotel may indeed be 'open to the public,' a guest's hotel room, once rented, is not."<sup>54</sup> This drew the line, if one needed to be drawn, between in-store viewing booths and rented hotel rooms.<sup>55</sup> In contrast, the district court in *On Command Video* found that the hotel in that case used a closed-circuit system that transmitted movies from a central bank of video players to individual guest rooms.<sup>56</sup> Each video player, loaded with a particular copy of a particular movie, would be played when a guest activated it by remote control.<sup>57</sup> The court held that the public performance right was infringed here by applying the transmit clause's "separate places/different times" provision.<sup>58</sup>

In reaching this conclusion, the *On Command Video* court focused on a piece of legislative history<sup>59</sup> whose relevance would be viewed

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<sup>49</sup> 866 F.2d 278 (9th Cir. 1989).

<sup>50</sup> 777 F. Supp. 787 (N.D. Cal. 1991).

<sup>51</sup> *Prof'l Real Estate Investors*, 866 F.2d at 279.

<sup>52</sup> *Id.* at 281-82.

<sup>53</sup> *Id.* at 281.

<sup>54</sup> *Id.*

<sup>55</sup> Perhaps the line did need drawing. In *Video Views, Inc. v. Studio 21, Ltd.*, the Seventh Circuit approved the district court's jury instruction that "adult films" shown in private viewing booths would infringe the public performance right if the video arcades in which the booths were located were found to be "open to the public." 925 F.2d 1010, 1019 (7th Cir. 1991). The court stated that it was following *Redd Home* and advised that it was disagreeing with *Professional Real Estate Investors* to the extent that the Ninth Circuit's definition of public performance couldn't be harmonized with the Third's. *Id.* at 1020. (Of course it could be harmonized by the fact that a hotel room, unlike a viewing booth, is a dwelling place, albeit a transient one.)

<sup>56</sup> *On Command Video Corp. v. Columbia Pictures Industries*, 777 F. Supp. 787, 788 (N.D. Cal. 1991).

<sup>57</sup> *Id.* at 788.

<sup>58</sup> *Id.* at 789-90.

<sup>59</sup> *Id.*



skeptically by the Second Circuit eighteen years later.<sup>60</sup> In 1967, a House committee had reported that the public performance right, as then conceived, was intended to cover transmissions to the public,

even though the recipients are not gathered in a single place, and even if there is no direct proof that any of the potential recipients was operating his receiving apparatus at the time of the transmission. The same principles apply whenever the potential recipients of the transmission represent a limited segment of the public, such as the occupants of hotel rooms . . . ; they are also applicable where the transmission is capable of reaching different recipients at different times, as in the case of sounds or images stored in an information system and capable of being performed or displayed at the initiative of individual members of the public.<sup>61</sup>

This explanation of “separate places/different times” envisions, in practically one breath, both closed-circuit TV systems, as in *Professional Real Estate Investors*, and RS-DVRs, as in *Cartoon Network*. Its prediction of interactive entertainment systems is either prescient or irrelevant, depending on the amount of credence one wishes to give a legislative gloss that predates the enactment of the present law by almost ten years.

## VI

### THE “VIRTUAL LOCKER” ANALOGY

The closed-circuit TV system in *Professional Real Estate Investors* illustrated the “different times” provision but not the “separate places” one because all of the hotel’s video transmissions would be received in the hotel’s own guest rooms. Likewise, the video transmissions in *Redd Horne* were confined to Maxwell’s own viewing booths.<sup>62</sup> How much further does copyright’s public performance right extend? The extreme limit on the performance right would be a transmission of a performance in which “different times” are joined with “separate places.” Prior to *Cartoon Network*, the only non-hypothetical example of this extreme was the automated video rental service known as “video on demand” (VOD). As noted before, brick-and-mortar businesses like the ubiquitous Blockbuster aren’t subject to the transmit clause because they traffic in copies,

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<sup>60</sup> See *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 135 (2d Cir. 2008).

<sup>61</sup> *On Command Video Corp.*, 777 F. Supp. at 790 (quoting H.R. REP. NO. 90-83, at 29 (1967)).

<sup>62</sup> *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*, 749 F.2d 154, 157 (3d Cir. 1984).

physically delivered, rather than in performances, electronically transmitted.

VOD, however, perfectly fits the pattern of Nimmer's "separate places/different times" rationale: the provider maintains a limited number of electronic copies—perhaps only one—that it transmits over and over again through its network to spatially and temporally dispersed customers who order them. It doesn't deliver copies of movies, but streams performances. The performances are received by customers in "separate places," that is, in their own homes, and at "different times," that is, whenever they're ordered.<sup>63</sup>

The studios needed to convince the court that RS-DVR is a type of VOD and hence subject to their public performance right. The challenge that Cablevision faced was to distinguish RS-DVR from VOD. It would have to convince the court that RS-DVR would not give rise to public performances because each RS-DVR transmission would emanate from a distinct copy. This argument capitalized on Nimmer's rationale—that what explains the transmit clause's "different times" provision is that multiple performances of *the same copy* may be transmitted sequentially. The audience is a "public" one only because all of its temporally dispersed members have received transmissions that emanated from serial performances of the same tangible thing, the copy. This is why it was to Cablevision's advantage to emphasize the singularity of RS-DVR's custom-made copies, as well as to elevate the narrower concept of transmission over the broader one of performance.<sup>64</sup>

This strategy obliged Cablevision to admit that any VOD transmission—even to a single customer—is a transmission "'to the public' because *any* member of the public can receive the offered transmission simply by paying the appropriate fee."<sup>65</sup> Exactly so,

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<sup>63</sup> A final descendant of *Redd Home* provides an illegal example of VOD. In *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, the district court in New Jersey held that a video clip compiler, who maintained a network for streaming movie previews from the Web sites of video retailers to the home computers of their retail customers, was publicly performing, without permission, the movies from which the previews were taken. 192 F. Supp. 2d 321, 332 (D.N.J. 2002), *aff'd*, 342 F.3d 191 (3d Cir. 2003).

<sup>64</sup> A transmission of a performance is a type of performance. See *supra* note 14. Of course, not all transmissions are performances; other things can be transmitted—most relevantly, copies of works via a digital "download." See *infra* note 80 for a discussion of downloads.

<sup>65</sup> Reply Brief for Defendants-Counterclaimants-Appellants at 41, *Cartoon Network*, 536 F.3d 121 (2d Cir. 2008) (No. 07-1480-cv(L)), 2007 WL 6101594 [hereinafter Cablevision Reply Brief].

Nimmer would say; under the transmit clause, this transmission is a public performance because the same copy is performed over and over again, and a licensing fee paid each time. This concession for VOD, however, paved the way for the crucial, and saving, distinction between VOD and RS-DVR.

With the RS-DVR . . . each customer's recording can be played *only* to the customer who made it—i.e., only to the particular set-top box from which it was recorded. Although the same *work* may be played back to different subscribers, each playback of a subscriber's own personal recording is a separate private performance. Because each “transmission is only available to one person”—the customer who made the recording—RS-DVR playback “clearly fails to qualify as ‘public.’”<sup>66</sup>

The linchpin in Cablevision's argument was an ingenious analogy. The studios claimed that RS-DVR is a type of VOD.<sup>67</sup> A different analogy would allow the court to see the case differently.

The correct analogy for the RS-DVR is not VOD, but the “virtual locker” that allows users to store and retrieve their *own* files from a central server. A virtual locker provider does not “publicly perform” a work merely because multiple users happen to store and retrieve their own copies of the same song—even when . . . the same company also provides the content.<sup>68</sup>

The only customer who will be capable of receiving an RS-DVR transmission is the one who ordered *that* copy to be made through *that* cable box. In contrast, anyone who is willing to pay for a VOD viewing is *capable of receiving* a VOD transmission.

Where a defendant has one copy of a work and offers to play it for anyone willing to pay a fee, the transmissions are “to the public” because anyone can receive them. By contrast, where an individual purchases or records his own copy and can play it only to himself, the transmission is *not* generally available.<sup>69</sup>

Again, the “virtual locker”—in which personally owned copies of performances are remotely stored and streamed back from a network “cloud”—provides the better analogy.

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<sup>66</sup> *Id.* at 42 (citations omitted) (quoting 2 NIMMER & NIMMER, *supra* note 24, at § 8.14[C][2]).

<sup>67</sup> Fox Brief, *supra* note 16, at 11–12.

<sup>68</sup> Cablevision Reply Brief, *supra* note 65, at 44–45 (citations omitted).

<sup>69</sup> Brief in Opposition at 30, Cable News Network, Inc. v. CSC Holdings, Inc., 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 5168381.

If 100 consumers each purchased the same Miles Davis song from Apple's iTunes store, separately stored the song on Apple's .mac remote-storage backup service, and separately listened to their respective copies of the song by streaming the song to themselves from the remote server, no one would think Apple had publicly performed the song. The RS-DVR is no different.

## VII

### PERFORMANCES WITHOUT EVER TAKING POSSESSION OF A COPY

The studios responded with their own story about what RS-DVR will be and their own emphasis on how it will operate. The transmit clause's "different times" provision applies to RS-DVR, they argued, because the performance that counts for copyright purposes is the original network transmission that will be preserved by the creation of the individual copies, rather than the subsequent one that will occur when those copies are themselves performed and transmitted by means of Cablevision's RS-DVR service.<sup>71</sup> The performance that is embedded in the copies will be public, and any subsequent performance emanating from those copies will also be public.<sup>72</sup> This is because copies, quite naturally, inherit the character of the thing that they reproduce.

As a practical matter, the copies will do nothing more than enable Cablevision to make time-delayed transmissions of public performances. (Time delay requires that copies of a performance be successively replayed, just as any transmission of an audiovisual work presupposes the acquisition and performance of a copy.) These time-delayed performances will be "public" under the transmit clause, even though they will be received at "different times," because they will be part of one extended performance rather than multiple, discrete ones.<sup>73</sup>

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<sup>70</sup> *Id.* Michael Robertson claimed that the Second Circuit's ruling in the *Cartoon Network* case "set a definitive legal precedence [sic] for other responsibly run media storage and delivery services like MP3tunes." Michael Robertson, *Cloud Video Is Legal, How About Cloud Music?*, (Aug. 5, 2008), [http://michaelrobertson.com/archive.php?minute\\_id=270](http://michaelrobertson.com/archive.php?minute_id=270); cf. Brad Stone & Claire Cain Miller, *Music Business Heads into Virtual World*, N.Y. TIMES, Dec. 16, 2009, <http://www.nytimes.com/2009/12/16/technology/internet/16tune.html> (reporting Apple's acquisition of music streaming/storage service Lala). Robertson's company, MP3.com, was found liable for copyright infringement in *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 350 (S.D.N.Y. 2000). See *infra* note 83.

<sup>71</sup> See Fox Brief, *supra* note 16, at 25–27.

<sup>72</sup> *Id.*

<sup>73</sup> *Id.* at 24.

Cablevision's proposed on-demand service would transmit the same performance of a particular program to different members of the public who would receive those transmissions at "different times," within the meaning of § 101. It would transmit that performance (1) to certain subscribers simultaneously with the initial performance and (2) to a subset of those subscribers on a delayed basis at various times of their choosing.<sup>74</sup>

The latter option—the RS-DVR "subset"—will be essentially the same thing as video on demand, a public performance transmitted to subscribers at "different times." What of the competing analogy between RS-DVR and "virtual lockers"? In support of the virtual locker analogy, again, Cablevision had claimed that the personal copies of TV programs stored on its servers were just like personal copies of musical performances, lawfully obtained in digital format and stored remotely for their customers by music-streaming services.<sup>75</sup> If it were illegal for Cablevision to stream video performances of the customers' own copies back to their owners, then the streaming of musical performances from virtual lockers would be illegal as well, including those of lawfully acquired personal copies.<sup>76</sup>

The studios fended off the virtual locker analogy by claiming that "it is wholly irrelevant, in determining the existence of a public performance, whether 'unique' copies of the same work are used to make the transmissions—or whether those copies were lawfully or unlawfully obtained."<sup>77</sup> It all comes down to confusion, the studios maintained, about what is being performed and what is being transmitted.<sup>78</sup>

Cablevision's misinterpretation . . . appears predicated upon the mistaken notion that Cablevision would transmit the subscriber's "own unique recording" to the subscriber. Cablevision, however,

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<sup>74</sup> *Id.*

For example, Cablevision would transmit HBO's telecast of "The Wire" Episode 48 at 11:00 PM on June 30, 2007 (a) to thousands of its subscribers who pay for HBO at 11:00 PM on June 30, 2007; and (b) those subscribers who pay an additional fee for RS-DVR at any times of their choosing after 12:00 AM on July 1, 2007, *e.g.*, to Subscriber X at 8:00 PM on July 1, 2007 and 7:00 PM on July 5, 2007 and to Subscriber Y at 9:00 PM on August 1, 2007.

*Id.* at 24–25.

<sup>75</sup> Brief in Opposition, *supra* note 69.

<sup>76</sup> *Id.*

<sup>77</sup> Fox Brief, *supra* note 16, at 27.

<sup>78</sup> *Id.* at 27–28.

would not transmit the “recording” to anyone; the recording itself (the material object in which the program is embodied) would never leave Cablevision’s server at its head-end. Cablevision would instead transmit the program, more specifically the *performance* of that program by HBO or another programming service—the same *performance* that Cablevision had transmitted on a real-time basis and that it would transmit to multiple subscribers at a different time or times.<sup>79</sup>

This objection, in one sense, merely states the obvious. A streaming transmission is different from a download. The former is a performance of a copy over a network; the latter is a delivery of a copy over a network.<sup>80</sup> The infringed right at issue here was performance, not distribution, so to point out that Cablevision won’t be distributing copies of TV programs only means that the studios could not claim infringement of their distribution rights.

But in another sense, the distinction between streaming and downloading is critical because it highlights the difference between the “virtual locker” and the RS-DVR storage service. In the virtual

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<sup>79</sup> *Id.* (citation omitted).

<sup>80</sup> The leading case on this point is *United States v. American Society of Composers, Authors & Publishers (ASCAP)*, 485 F. Supp. 2d 438 (S.D.N.Y. 2007). In what the district court termed an issue of first impression, it held that the downloading of a digital musical file is not a performance of the song embodied in that file. *Id.* at 443. “In order for a song to be performed,” Judge William C. Connor stated, “it must be transmitted in a manner designed for contemporaneous perception.” *Id.*; see also Jonah M. Knobler, *Performance Anxiety: The Internet and Copyright’s Vanishing Performance/Distribution Distinction*, 25 CARDOZO ARTS & ENT. L.J. 531, 568 (2007) (questioning the post-Internet viability of the distinction between performing and mechanical rights); W. Jonathan Cardi, *Über-Middleman: Reshaping the Broken Landscape of Music Copyright*, 92 IOWA L. REV. 835, 852–66 (2007) (describing technical differences between digital downloading and streaming); Jesse Rendell, Comment, *Copyright Law in the New Millennium: Digital Downloads and Performance Rights*, 81 TEMP. L. REV. 907, 918–26 (2008) (suggesting, contrary to ASCAP, that digital downloads may implicate performance rights).

If downloading a copy doesn’t trigger performance rights, can the converse be true—can streaming a performance trigger reproduction rights? In response to the Second Circuit’s ruling, the music publishers asked the Supreme Court to review the *Cartoon Network* case, arguing that the court’s holding on the “buffer copy” issue interfered with rulemaking on the issue proceeding under the auspices of the Copyright Office. See Brief of National Music Publishers’ Ass’n, Inc. as Amicus Curiae in Support of Petitioners at 10–22, *Cable News Network, Inc. v. CSC Holdings, Inc.*, 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 4843618; Compulsory License for Making and Distributing Phonorecords, Including Digital Phonorecord Deliveries, 73 Fed. Reg. 40,802, 40,802–13 (July 16, 2008). After accepting comments about the *Cartoon Network* case, the Copyright Office determined that the opinion, while not definitive, had caused sufficient uncertainty to make it inadvisable to engage in rulemaking activity on the issue of whether buffer copies fall within the § 115 compulsory license. See 73 Fed. Reg. 66,173, 66,173–82 (Nov. 7, 2008).

locker, customers upload their copies to the locker. The copy is stored there and played back on demand from wherever the customer is at the time. In the RS-DVR service, by contrast, the customer won't upload anything to Cablevision. The copy will be made by Cablevision at the customer's request (perhaps lawfully, if *Sony* applies to this method of time-shifting)<sup>81</sup> and retained by Cablevision for the customer's subsequent access. There won't be any "upload" of a copy, and there won't be any "download" either. Instead there will be an on-demand, streaming transmission of the performance that was preserved in the copy.

The RS-DVR subscriber therefore will receive performances without ever taking possession of a copy, physical or digital. The remotely created copy will be held at a remote location, in trust, so to speak. This contrivance makes one wonder whether there really will *be* a personal copy behind each RS-DVR transmission<sup>82</sup> or whether,

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<sup>81</sup> See *supra* note 7. Whether the RS-DVR copies will be lawfully made reproductions was the threshold issue in the *Cartoon Network* case. See *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 127–33 (2d Cir. 2008). The reproduction claim involved two sub-issues: first, whether Cablevision will make infringing copies by buffering the data from its programming stream in the form of transient copies, *id.* at 127–30, and second, whether Cablevision will make infringing copies by providing the RS-DVR service to its subscribers (i.e., whether its copying will be "volitional" or merely automatic and involuntary), *id.* at 130–33.

<sup>82</sup> When RS-DVR was first announced, in fact, some tech-savvy consumers expressed their skepticism about whether Cablevision really did plan to save personal copies of programs, rather than master copies of its entire broadcast schedule. "They're not actually [sic] going to record anything for anybody . . . They will record everything once and give subscribers the illusion of scheduling their own recordings, when actually all they've really got is 80 hours worth of program pointers." Unverified, Comment to *Cablevision to Rollout Remote-Storage DVR Service*, ENGADGET, Mar. 27, 2006, <http://www.engadget.com/2006/03/27/cablevision-to-rollout-remote-storage-dvr-service/#comments>. Another commenter stated:

I'm sure that everyone doesn't actually GET 80 real hours of recording space. Maybe starting out, when the user group is small and many disparate shows are being recorded (no dupes by any of the users), sure everyone has their own partition, but eventually, as the user base grows, while any single user has "access to" or a hypothetical 80-hour storage limit, what would likely be going on behind the scenes is stored show sharing.

Dhodory, Comment to *Cablevision to Rollout Remote-Storage DVR Service*, ENGADGET, Mar. 27, 2006, <http://www.engadget.com/2006/03/27/cablevision-to-rollout-remote-storage-dvr-service/#comments>.

Three years later, the *Wall Street Journal* speculated that the studios might eventually agree to allow Cablevision and others to forgo the storage of personal RS-DVR copies—the very condition upon which the Second Circuit had based its decision in *Cartoon Network*—if Cablevision would put curbs on ad-skipping technology and allow the studios to refresh their ads on the programming. See Vishesh Kumar and Sam Schechner, *High*

to the contrary, the concept of the personal copy serves Cablevision as a metaphor that actually signifies a prepaid right of access to performances of the work.<sup>83</sup> Digital transmissions function by sending and receiving sequences of information that may take the form of downloaded copies or streaming performances, depending on how the data are encoded by the sender and decoded by the receiver. In other words, the strings of zeros and ones that compose a digital copy are capable of being manipulated by software into either a copy or a performance, which is why it makes little difference to users of digital copies whether their files are preserved on electromagnetic storage devices in their own media players or stored in remote computers that they can access at will. However one describes them, these intangible data sequences aren't, in and of themselves, copies or performances, but rather encoded information in digitized form that can be decoded into access to works of authorship *in the form of* copies or *in the form of* performances.<sup>84</sup>

Even if the virtual locker analogy fails, however, that doesn't mean the VOD analogy necessarily succeeds. This is because the question remains—the RS-DVR service will transmit a performance of *what*, a TV program (i.e., a “work”) or a copy of one? The choice is crucial because, under Nimmer's “different times” rationale, serial transmissions of performances emanating from the same copy would be required for new, and infringing, public performances.<sup>85</sup>

Cablevision asserted in its defense that each RS-DVR archived copy will be, in fact, different and unique because each will be separately created and will be accessible only from the particular

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*Court Boosts Remote DVR*, WALL ST. J., June 30, 2009, at B5, available at [http://online.wsj.com/article/NA\\_WSJ\\_PUB:SB124628574640368173.html#articleTabs%3Darticle](http://online.wsj.com/article/NA_WSJ_PUB:SB124628574640368173.html#articleTabs%3Darticle).

<sup>83</sup> Presumably it would be illegal, under the transmit clause, for Cablevision to simply allow subscribers to access its own video collection. The case of the MP3.com music service was a cautionary tale for Cablevision. The defendant in that case streamed performances to its subscribers from a collection of sound recordings that it had purchased itself and copied onto its own servers. *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 350 (S.D.N.Y. 2000). Even though MP3.com verified that its subscribers owned their own copies of these CDs and portrayed its service as the “functional equivalent” of storing them for remote access, it was held liable for copyright infringement. *Id.* The *UMG Recordings* court, however, did not address the issue of performance rights, but rather held that MP3.com's copying was done illegally; the opinion was principally concerned with whether MP3.com was entitled to a fair use defense for making these unauthorized copies. *See id.* at 350–53.

<sup>84</sup> *See* Knobler, *supra* note 80, at 579–80.

<sup>85</sup> Cablevision Brief, *supra* note 17.



cable box through which it was ordered.<sup>86</sup> Therefore, playing RS-DVR copies will only result in private performances. In order to make Cablevision pay for playing the RS-DVR copies, the studios would have to establish that all RS-DVR copies of a program will be functionally the same because they will all be copies of the same performance of the work, that is, the performance that had been transmitted to the public via the original network telecast. They had succeeded in doing so to the satisfaction of Judge Denny Chin in the district court,<sup>87</sup> but now, in the Second Circuit, they would have to convince Judge John M. Walker Jr. and the other two members of the appellate panel<sup>88</sup> all over again.

## VIII

### “CAPABLE OF RECEIVING THE PERFORMANCE”

In the Second Circuit, Judge Walker approached the question of what Cablevision would be “performing” by splitting his analysis of the transmit clause into two questions: what is the source material of the transmission, and what is the identity of the transmitter? “[I]t seems quite consistent with the Act,” he wrote, “to treat a transmission made using Copy A as distinct from one made using Copy B, just as we would treat a transmission made by Cablevision as distinct from an otherwise identical transmission made by Comcast.”<sup>89</sup> He explained that both factors would “limit the potential audience of a transmission [and] are therefore germane in determining whether that transmission is made ‘to the public.’”<sup>90</sup>

Judge Walker’s approach took place against the background of the same problem that had worried Professor Nimmer—the open-textured language of the transmit clause. The “separate places/different times” provision, taken literally, would mean that any transmission of a recorded performance could legally be “public” because the same recording of the work—if not the same *copy* of the recording—could be played and transmitted by someone else, to a different place, or at

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<sup>86</sup> *Id.*

<sup>87</sup> See *Twentieth Century Fox Film Corp. v. Cablevision Systems Corp.*, 478 F. Supp. 2d 607, 609 (S.D.N.Y. 2007).

<sup>88</sup> Judges Robert D. Sack and Debra Ann Livingston. *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 123 (2d Cir. 2008).

<sup>89</sup> *Id.* at 138.

<sup>90</sup> *Id.*

a different time.<sup>91</sup> “Doubtless the *potential* audience for every copyrighted audiovisual work is the general public,” he wrote.<sup>92</sup> “As a result, any transmission of the content of a copyrighted work would constitute a public performance under the district court’s interpretation.”<sup>93</sup> To preserve the distinction between private and public performances, some limitation needed to be inferred, either on the “someone else” who is doing the transmitting (i.e., the identity of the transmitter) or the “something else” that is being transmitted (i.e., the source material of the transmission).

On the “source material” option, Judge Walker improved on Nimmer’s approach to the transmit clause by tying it more closely to the language of the statute. Professor Nimmer had theorized that the source material of a transmission would have to be the same copy of a recorded performance in order for the “different times” provision to take effect.<sup>94</sup> Without disagreeing, Judge Walker revisited the transmit clause and focused on the phrase—“capable of receiving the performance.”<sup>95</sup> The text specifies that a public performance occurs whenever a performance is transmitted to a place “open to the public” or “to the public, by means of any device or process, whether the members of the public *capable of receiving the performance* or display receive it in the same place or in separate places and at the same time or at different times.”<sup>96</sup>

Cablevision’s position, which was based on Nimmer’s theory, dovetailed with this explicit limitation on the transmit clause. The reason only one subscriber will be *capable of receiving* a particular RS-DVR transmission is that each transmission will be “made using a single unique copy of a work, made by an individual subscriber, one that can be decoded exclusively by that subscriber’s cable box,” wrote Judge Walker.<sup>97</sup> “This argument accords with the language of the transmit clause, which . . . directs us to consider the potential audience of a given transmission.”<sup>98</sup>

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<sup>91</sup> *Id.* at 135–36.

<sup>92</sup> *Id.* at 136–37.

<sup>93</sup> *Id.* at 136.

<sup>94</sup> See 2 NIMMER & NIMMER, *supra* note 24.

<sup>95</sup> See *Cartoon Network*, 536 F.3d at 134.

<sup>96</sup> *Id.* at 134 (emphasis added) (quoting 17 U.S.C. § 101 definition of public performance).

<sup>97</sup> *Id.* at 135.

<sup>98</sup> *Id.*

This would be a reasonable enough, text-based accommodation between what Cablevision proposed to do and what the statute prescribed that it could do, except that the solution required Judge Walker to focus on the potential audience of a given *transmission* instead of the potential audience of a given *performance*.<sup>99</sup> As noted before, a transmission of a performance is a type of performance.<sup>100</sup> Even so, the two words are not interchangeable or reversible.<sup>101</sup>

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<sup>99</sup> *Id.* at 136.

<sup>100</sup> See *supra* note 19; see also *infra* text accompanying note 131.

<sup>101</sup> This is how Judge Walker justified substituting “transmission” for “performance”:

This plain language instructs us that, in determining whether a transmission is “to the public,” it is of no moment that the potential recipients of the transmission are in different places, or that they may receive the transmission at different times. The implication from this same language, however, is that it is relevant, in determining whether a transmission is made to the public, to discern who is “capable of receiving” the performance being transmitted. *The fact that the statute says “capable of receiving the performance,” instead of “capable of receiving the transmission,” underscores the fact that a transmission of a performance is itself a performance.*

*Cartoon Network*, 536 F.3d at 134 (emphasis added) (citing *Buck v. Jewell-La Salle Realty Co.*, 283 U.S. 191, 197–98 (1931)). The problem is with the last sentence. Although a transmission is a type of performance, the word “transmission” cannot be exchanged for the word “performance,” or vice versa, without changing the meaning of the statement. Otherwise “performing a transmission” and “transmitting a performance” would mean the same thing, which they don’t. The former phrase refers to the act of transmitting and the latter to what is transmitted (a performance).

In the next paragraph of his opinion, Judge Walker quoted a passage in the legislative history:

[A] performance made available *by transmission to the public at large* is “public” even though the recipients are not gathered in a single place, and even if there is no proof that any of the *potential recipients* was operating his receiving apparatus at the time of the transmission. The same principles apply whenever the *potential recipients of the transmission* represent a limited segment of the public, such as the occupants of hotel rooms or the subscribers of a cable television service.

*Id.* at 135 (quoting H.R. REP. NO. 94-1476, at 64–65 (1996)). He saw this as additional evidence that the phrases “capable of receiving the performance” and “capable of receiving the transmission” were intended by Congress to be interchangeable. See *id.* at 136. What the passage says, however, is that a transmission of a performance to the public at large is a public performance even if (1) there is no proof that the transmission was ever received by anyone who was capable of receiving it and (2) the “public at large” is in fact only a “limited segment” of it, such as hotel guests or cable subscribers.

These caveats don’t *raise* the standard for what qualifies as a public performance, but *lower* it. The caveats say that the standard could be satisfied by as little as a single transmission sent out to—but not necessarily received by—a limited audience of hotel guests or cable subscribers. They don’t imply that the same performance can’t be transmitted more than once, and hence received by members of the public at “different

The transmit clause specifies that a public performance may be based on “the transmission of a performance of a work” (as Judge Walker parsed the statute)<sup>102</sup> to an audience that is dispersed in “separate places” and “different times,” provided that these qualifying “members of the public” are all “capable of receiving the performance.”<sup>103</sup> The statute does *not* say “capable of receiving the *transmission*.” Switching the words “performance” and “transmission” changed the outcome of the case because there will be viewers who will be capable of receiving a *performance* of a network telecast (subscribers to Cablevision’s feed of HBO) but not capable of receiving particular *transmissions* of that performance (non-subscribers to Cablevision’s RS-DVR service). This is because non-subscribers won’t have access to any RS-DVR copies, and even RS-DVR subscribers will have access only to their own copies.

## IX

### HOW FAR UPSTREAM?

Hence, the studios had put their emphasis on the word “performance” rather than “transmission” and argued that

[t]he critical factor, under the Transmit Clause, is that the same *performance* is transmitted to different subscribers at different times. Because Cablevision (as part of the authorized real-time stream and as part of the unauthorized on-demand stream) would transmit from its head-end to its subscribers’ homes the *same performance*,<sup>104</sup> Cablevision would engage in a public performance of that program.

Judge Walker, however, found that the words “performance” and “transmission” could not be pried apart so easily.<sup>105</sup>

He focused his concern about the perplexing couplet—performance/transmission—on language from the same page of the studios’ brief, from which he pieced together the following sentence: “The critical factor . . . is that the same *performance* is transmitted to

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times,” much less that transmitting encrypted rebroadcasts of copyrighted programming to individual cable boxes has the effect of converting what were once public performances into private ones.

<sup>102</sup> *Id.* at 134 (“Accordingly, we ask whether these facts satisfy the second, ‘transmit clause’ of the public performance definition: Does Cablevision ‘transmit . . . a performance . . . of the work . . . to the public?’” (quoting 17 U.S.C. § 101)).

<sup>103</sup> *Id.*

<sup>104</sup> Fox Brief, *supra* note 16, at 27.

<sup>105</sup> *See id.*

different subscribers at different times . . . more specifically, the *performance* of that program *by HBO or another programming service.*<sup>106</sup> He understood the last clause to concede that the true source of Cablevision's performance was HBO's transmission of its programming to Cablevision, rather than Cablevision's retransmission to its subscribers.<sup>107</sup> The source of a broadcast, in other words, is always the content provider (in this case, HBO) rather than any of the cable companies that distribute the content concurrently through their regional networks (in this case Cablevision).<sup>108</sup>

If this is so, he wondered, why doesn't the transmit clause require the court to consider not only the audience of Cablevision's real-time transmission but also the potential audience of *any* transmission by *anyone* of the underlying HBO feed?<sup>109</sup>

Assume that HBO transmits a copyrighted work to both Cablevision and Comcast. Cablevision merely retransmits the work from one Cablevision facility to another, while Comcast retransmits the program to its subscribers. Under plaintiffs' interpretation, Cablevision would still be transmitting the performance to the public, solely because Comcast has transmitted the same underlying performance to the public. Similarly, a hapless customer who records a program in his den and later transmits the recording to a television in his bedroom would be liable for publicly performing the work simply because some other party had once transmitted the same underlying performance to the public.<sup>110</sup>

Without a limiting principle, there is no way to determine where a chain of transmissions begins and ends, and therefore there is no way of knowing whether a performance is public or private.<sup>111</sup> In a word, he asked, how far "upstream" should one go to find the source of a transmission?<sup>112</sup> That question is crucial under the transmit clause because everything "downstream" from the source might be considered part of the same performance.<sup>113</sup>

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<sup>106</sup> *Cartoon Network*, 536 F.3d at 136 (alterations in original) (quoting Fox Brief, *supra* note 16, at 27); *see also supra* text accompanying note 79.

<sup>107</sup> *See id.*

<sup>108</sup> *See id.*

<sup>109</sup> *See id.*

<sup>110</sup> *Id.*

<sup>111</sup> *See id.*

<sup>112</sup> *See id.*

<sup>113</sup> *See id.* ("[W]e believe it would be inconsistent with our own transmit clause jurisprudence to consider the potential audience of an upstream transmission by a third

The limiting principle that solved the problem for Judge Walker was to specify the identity of the transmitter.<sup>114</sup> This would allow the chain of transmissions and retransmissions to be framed into discrete segments, and liability to be allocated accordingly.<sup>115</sup>

Although the transmit clause is not a model of clarity, we believe that when Congress speaks of transmitting a performance to the public, it refers to the performance created by the act of transmission. Thus, HBO transmits its own performance of a work when it transmits to Cablevision, and Cablevision transmits its own performance of the same work when it retransmits the feed from HBO.<sup>116</sup>

This approach had the virtue of accommodating the positions of both parties in the case. The virtue, however, was a dubious one because it was agnostic as to how the case should be decided. The only way Judge Walker's digression on the "identity of the transmitter" would alter the outcome of the case would be if it were coupled with a finding that the transmitter will be someone other than Cablevision itself, namely, Cablevision's RS-DVR subscribers. Then, one could logically conclude that the RS-DVR subscribers will be transmitting their own performances of Cablevision's

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party when determining whether a defendant's own subsequent transmission of a performance is 'to the public.'").

The "transmit clause jurisprudence" to which Judge Walker referred was the Second Circuit's decision in *National Football League v. PrimeTime 24 Joint Venture (NFL)*, 211 F.3d 10 (2d Cir. 2000). *Id.* NFL dealt with a satellite uplink of a U.S. broadcast that was then downlinked, without permission, to TV viewers in Canada. *Id.* at 11. The court held that the U.S.-based uplink was an infringing public performance, even though the Canadian downlink wasn't, because it was "a step in the process by which NFL's protected work wends its way to a public audience." *Id.* at 13. This rationale bootstrapped a finding of infringement in the United States on a non-infringing performance in Canada, based on the happenstance that the Canadian broadcast was preceded by the U.S.-based uplink. *See id.* NFL was criticized by Nimmer's treatise, which pointed out that the public performance in Canada did not "derogate[] from U.S. copyright interests" and therefore "eventuated in non-actionable conduct as far as U.S. copyright law is concerned." *See* 2 NIMMER & NIMMER, *supra* note 24, at § 8.14[C][2].

In any event, the upstream/downstream distinction that Judge Walker derived from NFL didn't support his conclusion that Cablevision won't be liable for the unauthorized transmissions made through its RS-DVR service. *See Cartoon Network*, 536 F.3d at 137. This is because all RS-DVR transmissions will be "downstream" from Cablevision's real-time telecasts, which are undoubtedly public performances. *Id.* In addition, Cablevision's RS-DVR transmissions won't be made by unrelated third parties, but, on its own account, by Cablevision's own subscribers availing themselves of facilities and equipment provided by Cablevision. *See id.*

<sup>114</sup> *See Cartoon Network*, 536 F.3d at 137.

<sup>115</sup> *Id.* at 136.

<sup>116</sup> *Id.*

programming back to themselves. Such retransmissions could be considered non-infringing private performances because a transmission to oneself is not directed “to the public.”<sup>117</sup> Judge Walker, however, expressly declined to decide the issue of who will be doing the transmitting. Instead he took the “arguendo” path of assuming that “even if . . . *Cablevision makes the transmission when an RS-DVR playback occurs*, we find that the RS-DVR playback, as described here, does not involve the transmission of a performance ‘to the public.’”<sup>118</sup>

The studios, therefore, could afford to concede that each party is responsible for its own transmissions. Cablevision isn’t responsible for unauthorized uses of HBO’s feed by Comcast or some other cable network; and if that unauthorized use ever occurs, the studios won’t complain to Cablevision. However, isn’t Cablevision still responsible for its own unauthorized uses of HBO’s feed? If so, the question of whether Cablevision’s RS-DVR transmissions will be permissible private performances or unauthorized public ones remained unanswered.

## X

### A PERFORMANCE OF A *COPY* OF A WORK

In order to place a limit on liability for “upstream” transmissions by legal strangers, Judge Walker inferred that the transmit clause requires a new performance to begin each time the identity of the transmitter changes.<sup>119</sup> Cablevision, therefore, is responsible only for transmissions that occur “downstream” from its initial, real-time transmission.<sup>120</sup> This is a sensible way to think about what happens legally when broadcasts ripple across multiple networks, but it doesn’t explain the result in *Cartoon Network* because all transmissions through Cablevision’s RS-DVR service will be downstream from its real-time transmissions. Therefore, shielding Cablevision from liability for upstream transmissions by legal strangers doesn’t shield Cablevision from liability for its own

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<sup>117</sup> Of course, transmissions of Cablevision’s programming from its subscribers back to themselves would be “downstream” from the initial network telecasts, and these subscribers are hardly “legal strangers.”

<sup>118</sup> *Id.* at 134 (emphasis added). Why didn’t the court try to answer the question of who will be the transmitter? *See supra* note 19.

<sup>119</sup> *See id.* at 136.

<sup>120</sup> *Id.*

downstream transmissions. If the upstream/downstream distinction was a red herring, what was the true *ratio decidendi*?

Judge Walker based his holding on what he thought was the key fact in the case—that only one subscriber (the one who ordered the RS-DVR copy) will be capable of receiving each RS-DVR transmission because only that subscriber will have access to it.<sup>121</sup> This, he concluded, makes each RS-DVR transmission a private rather than a public performance.<sup>122</sup> The studios, in contrast, had focused on what they thought was the key fact in the case—that all RS-DVR copies will be copied from Cablevision’s live programming feed. This, they claimed, will make all RS-DVR transmissions into time-delayed public performances of those network telecasts rather than private performances of original source material.<sup>123</sup>

The reason that the studios were right and Judge Walker was wrong was that he derived his conclusion from a misreading of the statute. As noted before, the transmit clause specifies that “members of the public” must be “capable of receiving the *performance*,” not “capable of receiving the *transmission*.”<sup>124</sup> Judge Walker thought that the words “performance” and “transmission” were interchangeable in this context because the statute imposes liability on anyone who transmits an unauthorized performance to the public.<sup>125</sup> But even though the transmit clause refers, as Judge Walker put it, to “the performance created by the act of transmission,”<sup>126</sup> a transmission and a performance remain, technically and legally, two distinct things. The difference between them is that a transmission is the medium through which a performance is delivered “to the public.”<sup>127</sup> This is why there may be more than one transmission of the same performance, that is, why members of the public may receive a public performance at “different times.”

To put this difference in the form of an example, the transmit clause says that, when HBO transmits its live programming feed of *The Sopranos* to Cablevision, it is performing *The Sopranos*. When Cablevision relays the HBO feed to its subscribers in real time, it is

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<sup>121</sup> *Id.* at 137–38.

<sup>122</sup> *Id.* at 139.

<sup>123</sup> *Id.* at 136.

<sup>124</sup> 17 U.S.C. § 101.

<sup>125</sup> *Cartoon Network*, 536 F.3d at 134.

<sup>126</sup> *Id.* at 136.

<sup>127</sup> *See* 17 U.S.C. § 101.



doing the same thing—performing *The Sopranos*. In both instances, the performance of *The Sopranos* is what the transmission transmits. To say, as Judge Walker did, that a performance is *created by* the act of transmission<sup>128</sup> is a compressed way of saying that the transmitter is legally responsible for compensating the copyright owner for this particular rendering of the work (i.e., the use protected by the performance right). A transmission, a lawyer can say, is *constructively* a legal performance, and the transmitter is *constructively* a performer. But this interpretation doesn't make it literally so.

When trying to assess the scope of the transmit clause, it helps to bear in mind that Congress in 1976 inherited the legal fictions that were woven into the preexisting body of judge-created doctrine dealing with performance rights. As a whole, the trend of copyright policy throughout the twentieth century was to expand the performance right to encompass technological innovations that would allow works to be experienced in remote locations and by dispersed audiences.<sup>129</sup> These new technologies were anticipated and acknowledged in the 1976 Act by the open-textured language of the “separate places/different times” provision.

The first legal fiction is that of the “mechanical copy,” which maintains that activating a recording of a work on a mechanical or electronic playback device is a performance of the work as well as a performance of the recording (i.e., the copy).<sup>130</sup> This means that playing a recording of a performance in public *is* a public performance. This legal fiction expanded the performance right to

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<sup>128</sup> *Cartoon Network*, 536 F.3d at 136.

<sup>129</sup> See, e.g., Stadler, *supra* note 11, at 727–28.

<sup>130</sup> This legal fiction dates back to the legislative response to *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908). The court in *White-Smith* held that piano rolls (“mechanical copies”) of musical compositions were not legally copies of musical works because they weren't legible to human musicians, but only readable by mechanical devices (i.e., player pianos). *Id.* at 17. Therefore, the unauthorized publication of the piano rolls did not violate the copyright held by the authors of the sheet music. *Id.* at 18.

In section 1(e) of the 1909 Act, Congress worked around *White-Smith* by providing a compulsory license for recordings of performances of musical compositions (known as the “mechanical license”). Cf. 17 U.S.C. § 115 (present-day compulsory license provision for making and distributing phonorecords). Although the ghost of *White-Smith* lingers in the 1976 Act's distinction between “copies” and “phonorecords,” the current statute, in its § 101 definition of “to ‘perform,’” expressly recognizes that the authors of musical compositions are entitled to performance rights for the public rendition of such recordings (viz., rendition “by means of any device or process”). 17 U.S.C. § 101.

include public renditions of recorded performances, such as showing a movie in a theater or playing a phonorecord in a retail store or restaurant.

The second legal fiction is the multiple performance doctrine, which maintains that an electronic transmission of a performance, such as showing a movie on TV or playing a phonorecord over the radio, is itself a performance, both on the part of the transmitter and the receiver.<sup>131</sup> Although receiving a radio broadcast is something more than “listening to a distant rendition of the same program,”<sup>132</sup> it is still something much less than a human performance from a script or score, or even a mechanical performance from a copy or phonorecord. What the metaphor of “transmission as performance” means is that electronic transmitters are responsible for compensating the owner of the work’s performance rights *as if* they have actually performed the work or a copy of it.

This legal fiction is miles away from any layperson’s notion of what a performer or a transmitter does, but it makes sense on its own terms in the legal context of defining what a public performance is. As such, it sets out the boundaries of the performance right but without reducing performances and transmissions to the same literal thing. Performances are ways of realizing works in perceptible form, that is, of transforming the author’s intangible expression into sounds and images that will be perceptible to an audience. Transmissions, in contrast, are a mode of distribution rather than one of embodiment.

These two legal fictions reflect how broadcast technologies work—copies embody performances, and transmissions communicate them to the public. Indeed, Judge Walker took the trouble to note that performances of audiovisual works cannot be transmitted at all unless the transmitter has obtained copies of them.<sup>133</sup> This is why the question he asked of whether Cablevision will transmit a performance of a work to the public<sup>134</sup> implicitly contained the more pointed one of whether Cablevision will transmit a performance of *a copy* of a

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<sup>131</sup> See *Buck v. Jewell-LaSalle Realty Co.*, 283 U.S. 191, 197–98 (1931).

<sup>132</sup> *Id.* at 199. “We are satisfied that the reception of a radio broadcast and its translation into audible sound is not a mere audition of the original program. It is essentially a reproduction.” *Id.* at 199–200. A better word would have been “rendition” because “reproduction” in copyright parlance implies the creation of a copy.

<sup>133</sup> *Cartoon Network*, 536 F.3d at 137–38 (“[N]o transmission of an audiovisual work can be made, we assume, without using a copy of that work: to transmit a performance of a movie, for example, the transmitter generally must obtain a copy of that movie.”).

<sup>134</sup> See *supra* note 102.

work to the public.<sup>135</sup> It is reasonable and perhaps necessary for anyone trying to parse the transmit clause to infer that the technology of broadcasting requires the word “copy” to be read into it. This inference, however, also leads to confusion about what is being “performed” in these transmissions.

The confusion was reflected in the dispute over the RS-DVR service in *Cartoon Network*. Cablevision claimed that two different performances, both legally “private,” would result from two different RS-DVR transmissions, as long as the two transmissions emanated from two distinct copies.<sup>136</sup> The studios responded, however, that those two copies would be copies of exactly the same thing—the public performance of the work that had been transmitted to the public by the initial network telecast.<sup>137</sup> The perplexing problem posed by the *Cartoon Network* case was what the legal status of the RS-DVR performances should be. The solution, to the Second Circuit in 2008, as to the Supreme Court in 1908, appeared to depend on what is meant by the word “copy.”<sup>138</sup>

## XI

### “WHAT IS MEANT BY A COPY?”

In legal arguments, the same facts often have a different significance depending on how they are framed in relation to each other. Context determines how the facts cohere, what they mean, and,

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<sup>135</sup> This may also be why Judge Walker was so receptive to Professor Nimmer’s “same copy” theory of the “different times” provision. He commented that “[u]nfortunately, neither the *Redd Home* court nor Prof. Nimmer explicitly explains *why* the use of a distinct copy affects the transmit clause inquiry” and offered his own explanation that “the use of a unique copy may limit the potential audience of a transmission.” *Cartoon Network*, 536 F.3d at 138.

<sup>136</sup> *Id.* at 135.

<sup>137</sup> *Id.* at 136.

<sup>138</sup> The question is quoted from the *White-Smith* case, in which the Supreme Court wrestled unsuccessfully with a puzzling new entity—mechanical copies of performances, or what falls within the category of work that the statute now defines as “sound recordings.” *See White-Smith Music Publ’g Co. v. Apollo Co.*, 209 U.S. 1, 17 (1908).

It may be true that in a broad sense a mechanical instrument which reproduces a tune copies it; but this is a strained and artificial meaning. . . . In no sense can musical sounds which reach us through the sense of hearing be said to be copies, as that term is generally understood, and as we believe it was intended to be understood in the statutes under consideration.

*Id.*

in the most basic sense, what they *are*.<sup>139</sup> The challenge that confronted the *Cartoon Network* court was to determine *what* would be transmitted when a recorded TV program is streamed through the network to an individual RS-DVR subscriber's cable box.

The same legal entity, the copy of a performance, can be viewed in two different ways, depending on the context in which it was created. The Second Circuit endorsed the position that Cablevision will be transmitting—that is, streaming a performance of—a unique copy of a TV program for the first time. This in-home performance of a copy for one viewer will be legally “private.”<sup>140</sup> However, the court could just as plausibly have decided that Cablevision will be *retransmitting* a network telecast of the TV program, by whatever technical means, for the “*n*th” time. This performance would have to be defined legally as “public.” We can put these two alternatives in question form. Does each copy of a network telecast have a distinct legal identity? Or are all copies of the telecast identical instances of the same copied thing? It's a question of drawing brackets around the copy and saying that the copy is unique because it was made to order for a particular subscriber (a narrow framing of the copy), or that it is not unique because it shares a common origin with copies made for other subscribers (a broader framing of the copy).<sup>141</sup>

If all copies of a telecast are copies of the same performance, then the streaming of a performance of any single copy through the network to an individual viewer's cable box should be deemed a public one. This is because, under the transmit clause, the multiple transmissions of that recorded performance from a central facility, to viewers who are dispersed in location and time, must be viewed together as one cumulative act of performance (a performance occurring at “different times” and in “separate places”). If, on the other hand, each copy of a telecast is unique, then any performance of that unique copy will be distinct from any performance of any other unique copy, and all such performances will be private, even if they are transmitted from one place to another, as long as they occur *in*

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<sup>139</sup> See Mark Kelman, *Interpretive Construction in the Substantive Criminal Law*, 33 STAN. L. REV. 591, 593–96 (1981) (summarizing interpretive frameworks).

<sup>140</sup> *Cartoon Network*, 536 F.3d at 139.

<sup>141</sup> The “performance” embodied in the copy likewise could be narrowly or broadly framed. A narrow framing would view each transmission to an individual viewer as a separate and distinct performance, while a broader framing would view these multiple transmissions as the same performance received by “members of the public” at “different times.”

private, that is, at home, for a single viewer or a family circle of viewers.<sup>142</sup>

This type of legal fact framing—constructing a fact to become one thing or another depending on how widely one specifies its context—is a familiar maneuver to lawyers, who know that the choice in persuasive writing between partisan constructions usually isn’t based on the intrinsic superiority of one construction over the other, but rather on independent grounds of legal principle, authority, or policy. The more basic question in the *Cartoon Network* case was why everyone involved seemed obliged to accept the premise that the nature of the RS-DVR copy—whether it will be original and unique or non-original and duplicative—will determine whether a performance of that copy by way of transmission over Cablevision’s network will be a private or a public one.

As a case of statutory construction, *Cartoon Network* revolved around the meaning of the “separate places/different times” provision. The meaning of this provision, however, is complicated by the legal fictions of the mechanical copy and the multiple performance doctrine. In addition, Professor Melville Nimmer’s preeminent copyright treatise proposed a theory of the transmit clause—the “same copy” theory—that has served as the template for over thirty years of transmit clause jurisprudence. These circumstances may have obscured the more important question that needed to be asked about the transmit clause.

Whether one agrees with the policy or not,<sup>143</sup> Congress enacted the transmit clause to make the performance right as broad as possible, as reflected in the open-ended phrase “by means of any device or process.”<sup>144</sup> The transmit clause mandates that a transmission of a performance “to the public” is legally a public one even if the performance is received *by* the public in separate places and at different times. It is far from clear, however, how the drafters of the statute expected these serial and piecemeal public performances to come about. To what advance in broadcasting technology was Congress responding when it provided that a public performance

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<sup>142</sup> What would make a performance “private” can be inferred from what would make it “public”: “to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances are gathered.” See 17 U.S.C. § 101 (defining public performance).

<sup>143</sup> See, e.g., Stadler, *supra* note 11, at 718–28 (critiquing the policy).

<sup>144</sup> See 17 U.S.C. § 101.

could be received in separate places and at different times? Surely it wasn't the specter of Maxwell's Video Showcase franchised nationwide.

## XII

### INTERACTIVE SERVICES AND DIGITAL COPIES

What seemed to have been overlooked in the heated argument over Cablevision's RS-DVR copies was that legal performance rights don't require the copyright owner to maintain control of tangible copies, regardless of whether the copies take physical or digital form.<sup>145</sup> When an author parts with a copy, of whatever type, even one that came into being under the principle of fair use, he or she is not conveying the right to stage public performances of the work.<sup>146</sup> To put this more directly, when HBO provides a copy of *The Sopranos* to Cablevision, the copy alone does not give Cablevision the right to perform the program publicly, that is, to broadcast it. The public performance of *The Sopranos* depends on the terms of Cablevision's license. If Cablevision pays for the right to play the program one time over its network, then that is all it may do. It may not rebroadcast the performance for its subscribers, either through another real-time network telecast or through a series of individually ordered transmissions (e.g., video on demand).

In an attempt to explain the transmit clause's enigmatic "different times" provision, Professor Nimmer proposed the "same copy" theory, a theory that was creative in its time and, in due course, illustrated in real life by the *Redd Horne* case.<sup>147</sup> In *Redd Horne*, the same copy of a videotape was repeatedly transmitted from a central bank of VCRs to private viewing booths.<sup>148</sup> These showings were deemed to be public performances because serial viewings of the same private performance amounted to a time-extended public one.<sup>149</sup>

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<sup>145</sup> Joseph P. Liu, *Owning Digital Copies: Copyright Law and the Incidents of Copy Ownership*, 42 WM. & MARY L. REV. 1245, 1283 (2001) ("The public performance and display rights . . . account for a separate model of economic exploitation of a copyrighted work, a model that is in no way dependent upon the idea of a physical copy or the notion of fixation.").

<sup>146</sup> The "first sale" doctrine applies only to distribution rights, not to performance rights or any others. See 17 U.S.C. § 109(a) (2006).

<sup>147</sup> Or at least by its dicta. See *supra* text accompanying notes 33–43.

<sup>148</sup> *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*, 749 F.2d 154, 156–57 (3d Cir. 1984).

<sup>149</sup> *Id.* at 162.

*Redd Horne* was an oddity, however, because the contrivance of the video store's arrangement was devised to compensate for the scarcity and expense of VCRs, and it is difficult to imagine how that situation would ever recur. The "same copy" theory applied in *Redd Horne* can't possibly be an adequate response to the technological developments that Congress was anticipating.<sup>150</sup> At best, *Redd Horne* lives on as an example of how the "different times" provision was applied in the early 1980s.

On the other hand, the 1967 legislative history quoted in the *On Command Video* case—"sounds or images stored in an information system and capable of being performed or displayed at the initiative of individual members of the public"<sup>151</sup>—provides a very good hint of what Congress was likely concerned about, although it didn't have a name for it at the time. It is more than likely that Congress intended the transmit clause to extend performance rights to the "celestial jukebox" or what subsequently became known to Congress, in the context of digital sound recordings, as "interactive services" through which subscribers at "different times" could order performances for delivery to their radios or computers—a type of service, in the context of movies and TV programs, that would put VOD and RS-DVR under the same interactive umbrella.<sup>152</sup> Indeed, any other interpretation of

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<sup>150</sup> See *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 138 (2d Cir. 2008) (distinguishing *Redd Horne*).

<sup>151</sup> *Id.* at 135. See *supra* text accompanying note 61. Professor Patry commented that the only notable change made by the statutory language that this report explains was to the definition of public performance, which expanded the definition to include the "separate places/different times" provision. "With the exception of a minor amendment to the definition of 'to perform a work 'publicly' in 1974, the 1966 House Judiciary Committee bill's language on Section 106(4) and the relevant definitions in Section 101 were adopted in the 1976 Act." 4 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 14:16 (2010).

<sup>152</sup> Congress first defined "interactive service" in the Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (1995), and broadened that definition three years later in the Digital Millennium Copyright Act (DMCA), Pub. L. No. 105-304, 112 Stat. 2860 (1998).

An "interactive service" is one that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient.

17 U.S.C. § 114(j)(7) (2006); see also Steven M. Marks, *Entering the Sound Recording Performance Right Labyrinth: Defining Interactive Services and the Broadcast Exemption*, 20 LOY. L.A. ENT. L. REV. 309, 313–20 (2000) (arguing that any programming of sound recordings that is customized for an individual listener falls under the DMCA definition of "interactive service").

“separate places/different times” would set up a conflict between the transmit clause and the licensing scheme that Congress mapped out in the 1990s for interactive services or, at the very least, encourage interactive services to develop “copy then send” systems tailored to fit the Second Circuit’s newly narrowed definition of public performance.<sup>153</sup> On the other hand, an understanding that “separate places/different times” refers to interactive media would square the U.S. public performance right with the “Right of Communication to the Public” as defined in the WIPO Copyright Treaty of 1996.<sup>154</sup>

If all of this is true, then instead of focusing on the question of whether an RS-DVR performance will emanate from a single copy, like video on demand, or from multiple copies, like audio files stored in virtual lockers, the *Cartoon Network* court should have asked what type of access to the work the RS-DVR service will provide subscribers—one that will give access to the performance of a program at a time of their choice (i.e., an interactive service) or one that will give access only when a performance had been previously scheduled (i.e., a noninteractive service). By upgrading their cable subscriptions from real-time programming to the RS-DVR service, Cablevision’s subscribers will be getting the option of exchanging a noninteractive viewing experience for an interactive one.

An interactive service is analogous to what a customer buys with the purchase of a copy of a recorded performance, while a noninteractive service corresponds to what the customer buys with a ticket to a live performance. When one buys a copy of a performance, one can access the performance through the copy

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<sup>153</sup> Anticipating this criticism, the Second Circuit suggested that such “copy then send” systems might be curbed if copyright owners assert their reproduction rights in lieu of performance rights. *Cartoon Network*, 536 F.3d at 139–40. The owner of a work’s performance rights, however, might not also own the work’s reproduction rights because the rights are divisible. In addition, a composer who relies on performing rights societies, such as ASCAP or Broadcast Music, Inc. (BMI), to collect performance royalties might not have the means or the ability to enforce a claim for unlawful copying or contributory infringement.

<sup>154</sup> World Intellectual Property Organization (WIPO) Copyright Treaty, art. 8, Dec. 20, 1996, 2186 U.N.T.S. 152, 155, available at <http://treaties.un.org/doc/Publication/UNTS/Volume%202186/v2186.pdf>.

[A]uthors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works *from a place and at a time individually chosen by them*.

*Id.* (emphasis added).



whenever one wants to, but when one buys a ticket to a performance, one can access the performance only when it is ready to be staged. Copies, in other words, are to interactivity as performances are to noninteractivity. Indeed, it can be argued that the doctrinal distinction between copies and performances was really all along “just a proxy for the actual distinction that was (and still is) economically and conceptually central to copyright law,” as Jonah Knobler put it, “the distinction between interactive and non-interactive communication of works, or in other words, between access at will and the mere passive, happenstance experiencing of works.”<sup>155</sup>

Professor Sara K. Stadler observed that tangible copies provide consumers with the “freedom . . . to experience a work unlimited times,”<sup>156</sup> which is why she alleged that copyright owners have gravitated toward business models based on performance rights instead of reproduction and distribution rights:

Perhaps the most significant way in which the performance right imposes costs on society . . . is by encouraging copyright owners to provide the public with experiences without also providing the public with tangible copies . . . . Whither physical copies? Suddenly, the name of the game is evanescence: if consumers cannot possess a copyrighted work, then rightsholders can charge consumers a royalty each time consumers experience it.<sup>157</sup>

In the *Cartoon Network* case, the studios would have prevailed if the court had recognized that the copies that RS-DVR creates would be short lived byproducts of a process for transmitting public performances at “different times,”<sup>158</sup> rather than true personal copies

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<sup>155</sup> Knobler, *supra* note 80, at 589–90.

<sup>156</sup> Stadler, *supra* note 11, at 736.

<sup>157</sup> *Id.* at 735; cf. JEREMY RIFKIN, *THE AGE OF ACCESS: THE NEW CULTURE OF HYPERCAPITALISM, WHERE ALL OF LIFE IS A PAID-FOR EXPERIENCE* 3–136 (2000) (critiquing social and economic trends). Professor Ginsburg offered a more positive view:

Access controls make it possible for authors to offer end-users a variety of distinctly-priced options for enjoyment of copyrighted works. Were delivery of works not secured, novel forms of distribution would be discouraged, and end-users would continue to be charged for all uses, whatever the level in fact of their consumption.

Jane C. Ginsburg, *From Having Copies to Experiencing Works: The Development of an Access Right in U.S. Copyright Law*, 50 J. COPYRIGHT SOC'Y U.S.A. 113, 124–25 (2003).

<sup>158</sup> Judge Walker's substitution of “transmission” for “performance” in his reading of the transmit clause caused the Solicitor General to worry that the Second Circuit might be jeopardizing the protected status of VOD and other interactive services:

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held in storage for safekeeping. In fact, there will be nothing permanent or personal about the RS-DVR copies because subscribers will lose them when they run out of disk space or when they let their subscriptions lapse. Their access to the RS-DVR copies, supposedly theirs, lasts only as long as they continue to pay Cablevision's subscription fee. As I suggested earlier, the reason the arguments over performance rights focused on the concept of the copy, when there were really no copies in sight,<sup>159</sup> is that the copy has become a metaphor for what interactivity provides: on-demand access to experiences of works of authorship. This is why Nimmer's "same copy" theory remains so persuasive to judges and lawyers, even though it has little relevance to transmissions of digitally recorded performances.<sup>160</sup>

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Some language in the court of appeals' opinion could be read to suggest that a performance is not made available "to the public" unless more than one person is capable of receiving a *particular* transmission . . . . Such a construction could threaten to undermine copyright protection in circumstances far beyond those presented here, including with respect to VOD services or situations in which a party streams copyrighted material on an individualized basis over the Internet.

S.G. Brief, *supra* note 8, at 20–21. Despite this concern, the Solicitor General told the Supreme Court that Judge Walker's reasoning didn't necessarily apply to VOD because, unlike VOD, each RS-DVR transmission will be made using a distinct copy and transmitted only to the subscriber who ordered that copy. *Id.* at 21. This assurance, of course, is only comforting if one accepts Cablevision's position on the public performance issue in its entirety.

<sup>159</sup> The concept of the copy is of questionable relevance even to video on demand because it is difficult to say how many copies Cablevision maintains of its VOD programming. It may have many digital copies of each VOD program, or it may have nothing that could be identified as a single, discrete copy. This is because the VOD system works by dividing a digital copy into tiny segments and distributing the segments over different servers so that multiple transmissions of performances can be made simultaneously. See Susan Karlin, *How It Works; Video on Demand Is Ready, but the Market Is Not*, N.Y. TIMES, Oct. 10, 2002, <http://www.nytimes.com/2002/10/10/technology/how-it-works-video-on-demand-is-ready-but-the-market-is-not.html>. As for Cablevision's linear broadcast schedule, presumably Cablevision could relay an HBO transmission through its network without making any copies of the programming stream, as was done by the old-fashioned cable TV systems in the *Fortnightly* and *Teleprompter* cases. See *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, 392 (1968); *Teleprompter Corp. v. Columbia Broad. Sys., Inc.*, 415 U.S. 394, 399–404 (1974).

<sup>160</sup> There may be an additional, policy-based reason why the "same copy" theory provides an intuitively attractive explanation of the transmit clause. The limitation on the distribution right known as the first sale doctrine, see 17 U.S.C. § 109(a) (2006), allows brick-and-mortar video stores like Blockbusters to rent out the same copy of a DVD over and over again without paying any fee to the copyright holder, see *supra* text accompanying note 31. Nevertheless, these video stores are obliged to purchase a substantial number of copies of each title because each DVD can be rented by only one customer at a time and can be viewed only until it becomes too shopworn to play. So their

## XIII

## “VIRTUAL” TIME-SHIFTING AS FAIR USE?

What made Cablevision’s defense compelling was that its RS-DVR will not only fulfill the same purpose as Sony’s Betamax did but that it will do so in the same way, by saving individual copies of TV programs. Even though RS-DVR will be a service and Betamax was a device, Cablevision’s remote storage service and the set-top storage devices it already rents to its customers will be, functionally, much the same thing. Betamax allowed purchasers of the machine to “time-shift” their TV programs by literally making videotape copies of them; RS-DVR will allow subscribers to reserve viewing time by signaling to Cablevision in advance that they intend to “time-shift” a particular program.

Cablevision’s RS-DVR subscribers will never take possession of physical copies of their programs, but from the viewpoint of functionality, the process by which their time-shifting is accomplished is unimportant. If Betamax was a device for time-shifting, RS-DVR might be described as a service for “virtual” time-shifting. Because they do the same thing and their effect on the market will, in all probability, be much the same, it might seem to be elevating form over substance to disagree with the assertion that “virtual time-shifting is time-shifting too.” This is because it shouldn’t matter to copyright owners whether personal copies of TV programs—programs that have already been aired in real time over the broadcast network—are stored by Cablevision at a remote location or stored by its subscribers on their set-top DVRs, or, for that matter, stored anywhere at all. Whether the copies are virtual or real—who cares if they serve the same purpose? It sounds like a classic distinction without a difference.

The way to approach this objection is to recognize that it has nothing to do with the question of whether the RS-DVR service will transmit private or public performances. The objection, in essence, is

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business model is actually based on the performance of multiple rather than singular copies (albeit not as many as if they were selling the copies rather than renting them). In contrast, video streaming services do not have to replenish their copies because they have the capacity to rent out the same digital copy concurrently to an indefinite number of VOD customers, and their digital copies never wear out. The “separate places/different times” provision in the transmit clause might be said to level the playing field between physical and VOD rentals by tacking a virtual public lending right on to the public performance right.

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that, however one characterizes the RS-DVR service or proposes to answer the legal questions it evokes,<sup>161</sup> what RS-DVR accomplishes should be found permissible as long as it does no harm to the legitimate interests of the copyright owners. The lens through which this objection must be viewed is that of fair use.

The Solicitor General was correct that Cablevision's decision to forgo a fair use defense left a gap in the record that detracted from *Cartoon Network's* value as a bellwether case. (Of course, Cablevision's decision was strategically correct because it prevailed without using the defense.) In any event, reserving judgment on whether the Solicitor General's advice to the Supreme Court was sound, I'd like to conclude by briefly considering what filling this gap would entail.

In policy terms, the question would be whether the consumer's fair use becomes the service provider's unfair use when a copying service is undertaken for profit by a commercial enterprise. Doctrinally, the question would be whether the decision of the Sixth Circuit in *Princeton University Press v. Michigan Document Services, Inc.*<sup>162</sup> was correct and, if so, whether it should be extended from the educational photocopying context to the entertainment time-shifting one. As I pointed out earlier, Cablevision's RS-DVR subscribers won't be uploading their own lawfully obtained copies of TV programs to Cablevision's servers, as they would be if Cablevision were maintaining a "virtual locker" for remote access, nor will Cablevision be downloading personal copies of TV programs to the cable boxes of its subscribers, as it would be if Cablevision were maintaining a straightforward copying service. Instead Cablevision will be streaming performances that emanate from custom-made copies of real-time programming that were ordered by, but never physically or electronically delivered to, its subscribers. This is why I have been arguing that the provenance of the copy obscured the key fact on which the decision should have been based—that Cablevision's service will be interactive rather than noninteractive.

It would be easy enough, though, to suggest to Cablevision that instead of transmitting performances to its subscribers' cable boxes, it should redesign its service to deliver copies. With this change, the

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<sup>161</sup> Whether Cablevision's RS-DVR will infringe the studios' reproduction or performance rights and, for the performance rights, whether the unauthorized performances will be public or private.

<sup>162</sup> 99 F.3d 1381, 1389 (6th Cir. 1996) (en banc).

fair use defense to direct infringement, as stated by the three dissenting opinions in *Michigan Document*, would be front and center.

In *Michigan Document*, a sharply divided Sixth Circuit held that a commercial copyshop, which created custom-made “coursepacks” by photocopying excerpts from textbooks and scholarly works, was not entitled to a fair use defense.<sup>163</sup> The copyshop, which apparently had few qualms about directly infringing the publishers’ copyrights,<sup>164</sup> argued that, had the copying been done by the students themselves on machines provided by the store, the students presumably would have been entitled to a fair use defense.<sup>165</sup> Why shouldn’t the copyshop stand in the shoes of its customers when it is acting on their behalf?<sup>166</sup> The copyshop didn’t select the copied material (the instructor did that), and its “fee for reproducing [a page of] copyrighted materials [was] the same as [its] fee for a blank page.”<sup>167</sup> The copyshop was only enabling the students to do more efficiently what they were entitled to do for themselves. As Judge Merritt put it in his dissent, “[t]here is no reason why in this instance the law should discourage high schools, colleges, students and professors from hiring the labor of others to make their copies any more than there is a reason to discourage lawyers from hiring paralegals to make copies for [their] clients and courts.”<sup>168</sup>

The analogous point here would be that TV viewers, who are already allowed to copy TV programs on their set-top DVRs and VCRs, should be allowed to make their copies instead on network-based remote storage systems if that technology is more convenient

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<sup>163</sup> *See id.* at 1389.

<sup>164</sup> *See id.* at 1384 (“Mr. Smith has been something of a crusader against the system under which his competitors have been paying agreed royalties, or ‘permission fees’ as they are known in the trade.”).

<sup>165</sup> *Id.* at 1400 (Ryan, J., dissenting) (“The question that must ultimately be answered is whether that which is a fair use for a student—copying—is not a fair use if done for the student by another, and for a profit.”).

<sup>166</sup> *Id.* at 1395 (Merritt, J., dissenting) (“Neither the District Court nor our Court provides a rationale as to why the copyshops cannot ‘stand in the shoes’ of their customers in making copies for noncommercial, educational purposes where the copying would be fair use if undertaken by the professor or the student personally.”). *But see id.* at 1386 n.2 (“[I]f the fairness of making copies depends on what the ultimate consumer does with the copies, it is hard to see how the manufacture of pirated editions of any copyrighted work of scholarship could ever be an unfair use.”).

<sup>167</sup> *Id.* at 1398 (Ryan, J., dissenting).

<sup>168</sup> *Id.* at 1395 (Merritt, J., dissenting).

and efficient. The majority in the en banc decision didn't necessarily overlook the beneficial economies created by a for-profit service that allowed the students to outsource the drudgery of making photocopies to an enterprise that could do it painlessly and cheaply. But the majority, led by Judge David A. Nelson, thought that the balance of the equities shifts against fair use when someone is making money from copying copyrighted works and not sharing the profits with the copyright owners.<sup>169</sup>

These positions can be transposed from the photocopying context into the time-shifting context. Home video recording for time-shifting is a fair use under *Sony* in part because it wasn't palatable for the Supreme Court to turn all of those home viewers into copyright infringers and also because time-shifting on Betamax machines did little or no harm to the interests of the plaintiff copyright owners, who had already been paid for licensing the initial, real-time telecasts of their programming.<sup>170</sup> Cablevision's RS-DVR service should likewise be deemed a fair use because it is merely a more efficient

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<sup>169</sup> *Id.* at 1389 (majority opinion). The court wrote,

As to the proposition that it would be fair use for the students or professors to make their own copies, the issue is by no means free from doubt. We need not decide this question, however, for the fact is that the copying complained of here was performed on a profit-making basis by a commercial enterprise.

*Id.*

In addition, the dissenters overlooked what the majority saw as a significant fact in the case—the advantage gained by the copyshop that didn't pay permission fees over its competitors that did. “As noted above, most of the copyshops that compete with [Michigan Document Services] in the sale of coursepacks pay permission fees for the privilege of duplicating and selling excerpts from copyrighted works. The three plaintiffs together have been collecting permission fees at a rate approaching \$500,000 a year.” *Id.* at 1387.

The policy arguments against fair use based on the feasibility of monitoring compliance and collecting fees from a commercial copying service (as opposed to individual users)—considerations that were not directly addressed in *Michigan Document* by Judge Nelson—were laid out by the Second Circuit in *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 929–32 (2d Cir. 1994), a case that Judge Nelson cited approvingly. See *Michigan Document*, 99 F.3d at 1387.

<sup>170</sup> See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 449–50 (1984). The court stated,

[W]hen one considers the nature of a televised copyrighted audiovisual work and that time-shifting merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact that the entire work is reproduced does not have its ordinary effect of militating against a finding of fair use.

*Id.* (citations omitted).

way of continuing to do what already has been legally done for over twenty-five years.

The argument on the other side would be that network-based storage and retrieval systems create new opportunities for exploiting copyrighted works. These opportunities are comparable to the new opportunities for exploiting scholarly and educational works created by the photocopying machines in *Michigan Document*. In their amicus brief to the Supreme Court, the performing rights societies, ASCAP and BMI, highlighted the scale of Cablevision's infringements through its RS-DVR service.

So, for example, an episode of the AMC cable network program *Mad Men* might be transmitted by Cablevision on a given Sunday night at 10 p.m., in its scheduled time slot. If just 1% of Cablevision's subscribers—approximately 30,000 households—elect to use the RS-DVR system to watch the episode at a later time, 30,000 households receive transmissions from Cablevision of that episode that they watch at those later times as the program arrives by cable at their home televisions. According to the Second Circuit, these are 30,000 “private” performances of the same exact episode, all transmitted from Cablevision's central “head-end” by cable to its subscribers' households. And of course, Cablevision can charge its subscribers for the privilege of watching these supposedly “private” performances.<sup>171</sup>

Taken one by one, Cablevision's RS-DVR infringements may be negligible, but as a whole, they will likely amount to sizeable business opportunities for Cablevision and other service providers to exploit. That is why ASCAP and BMI claimed that “the Second Circuit's decision creates a loophole in the copyright law through which all sorts of commercial media companies could seek to avoid paying public performance license fees.”<sup>172</sup>

The response to this claim would be that the market for RS-DVR copies and performances didn't exist until Cablevision invented it by inventing the RS-DVR. Why isn't this new use presumptively fair rather than presumptively unfair? As Judge Ryan put it in his

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<sup>171</sup> Brief for Amici Curiae Broadcast Music, Inc. and American Society of Composers, Authors & Publishers in Support of Petitioners at 7 *Cable News Network, Inc. v. CSC Holdings, Inc.*, 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 4843617.

<sup>172</sup> *Id.* at 6; see also Michael Robertson, *Cartoon Network Opens Door for Wave of New Business Opportunities*, MICHAEL'S MINUTE (July 27, 2009) [http://michaelrobertson.com/archive.php?minute\\_id=299](http://michaelrobertson.com/archive.php?minute_id=299) (“This favorable ruling on behalf of Cablevision also opens the door to a wide range of potential new features and services which can smartly record media.”).

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*Michigan Document* dissent, “[t]he argument that . . . [the copyshop’s] publication of unauthorized compilations interferes with their ability to obtain licensing fees from other copyshops simply returns the publishers to their original circular argument that they are entitled to permission fees, in part, because they are losing permission fees.”<sup>173</sup> The viability of the market for permission fees, in other words, depended on the scope of the publishers’ copyrights. If the copyshop’s unauthorized use of the publishers’ books was indeed a fair one, then the publishers had no right to demand permission fees in the first place.

This is why Judge Ryan thought an initial finding that the copyshop wasn’t engaged in fair use couldn’t be based on its refusal to pay permission fees. The market for permission fees, he maintained, wouldn’t legitimately come into being until after the copyshops found out that they were legally obliged to pay them. This lesson, carried forward to *Cartoon Network*, implies that the Second Circuit would have to decide for itself whether the licensing market for RS-DVR copies and performances should exist and, if so, what its boundaries should be. In that undertaking, it would have to base its decision on its own disinterested assessment of whether Cablevision’s RS-DVR will be either “time-shifting” under a different guise or “video on demand” under a different guise or, if neither of the two, which one it will more closely resemble.<sup>174</sup>

#### CONCLUSION

In *Cartoon Network*, the Second Circuit was asked to review the relationship between copies and performances in the context of a direct infringement claim against Cablevision that was brought by a consortium of movie and television studios. The sequence of

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<sup>173</sup> 99 F.3d at 1408–09.

<sup>174</sup> See Cablevision Reply Brief, *supra* note 65, at 43–45. Cablevision pointed out that RS-DVR’s functionality will be more limited than VOD’s because the RS-DVR subscriber will have to select in advance the programming to be recorded, and will be restricted in choice to content that was originally telecast on the network’s linear programming schedule. *Id.* These may or may not be distinctions that make a legal difference in the context of fair use.

One could respond that it makes just as much sense to treat copies made through Cablevision’s RS-DVR service differently from copies made on “set-top” DVRs as it does to treat VOD video rentals differently from hard copy video rentals. The function in both cases is the same (RS-DVR time-shifting is a type of time-shifting, just as VOD video rentals are a type of video rental), but the implementing technology is different, and perhaps that means the copyright consequences should be different as well.



questions raised by the facts in the case resembled a copyright law exam devised by an especially devious professor.

Will Cablevision make unauthorized copies of the studios' programming by copying its entire programming stream into its RS-DVR intake buffer, even though these buffer copies will only persist for a matter of seconds before being erased or transferred to the personal folders of its individual subscribers?<sup>175</sup> If not, will the automated copying and storage of individual media files on behalf of its subscribers represent "volitional" copying, for which Cablevision itself should be held directly or contributorily liable? Regardless of whether Cablevision or its subscribers will be responsible for creating the RS-DVR copies, will those copies be "publicly" performed by Cablevision when Cablevision streams performances of the copies through its cable network to the subscribers who ordered them? Finally, had it been found liable, could Cablevision's infringements have been excused as a fair use?

I have narrowed my focus here to the difficulties presented by the statutory definition of public performance, particularly the "transmit clause" and its puzzling provision that says a transmission of a performance to the public qualifies as public performance even if the performance is received by the public in "separate places" and at "different times." The Second Circuit, in my view, decided the case wrongly, at least on this issue. The principal error in the court's interpretation of the transmit clause was that it failed to see that the phrase "separate places/different times" refers to what are now known as "interactive services." The principal error in the court's application of the transmit clause was that it substituted the word "transmission" for the word "performance" in the phrase "capable of receiving the performance," which led it to mistakenly conclude that each RS-DVR transmission will represent a private rather than a public performance because only the subscriber whose cable box is

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<sup>175</sup> See Aaron K. Perzanowski, *Fixing RAM Copies*, 104 NW. U. L. REV. (forthcoming 2010), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1441685](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1441685). So far, the buffer copy issue in *Cartoon Network* has attracted more scholarly interest than the public performance one. This may be because it appears to have opened a circuit split between the Second Circuit and Ninth Circuit. Cf. *MAI Systems Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518-19 (9th Cir. 1993) (holding that random access memory (RAM) into which copyrighted software has been loaded may contain an infringing, fixed copy, despite its apparent transience). Also, of course, the buffer copy issue is relevant to the question of whether streaming music services must pay composers and music publishers for § 115 mechanical licenses (discussed in *supra* note 80).

associated with *that* RS-DVR copy will be capable of receiving *that* RS-DVR transmission.

Had the court instead focused on who will be capable of receiving the *performance* that will be embodied in the RS-DVR copy, it would have found that every customer who has a subscription to Cablevision's linear programming schedule will be capable of receiving the performance preserved in the RS-DVR copies of that particular telecast. The transmission of a performance of an RS-DVR copy to an individual's cable box, even though that transmission will go only to one subscriber, should have been found to be a public performance because RS-DVR will be an interactive service that will enable public performances to be received by subscribers who pay for the convenience of receiving their performances (or, if you will, accessing their RS-DVR copies) in "separate places" and at "different times."

The difficulty with which the court grappled on the public performance issue came from the coincidence of these four complicating factors:

(1) uncertainty about the statutory definition of public performance (specifically, what does the "separate places/different times" provision refer to?);

(2) the legal fictions of the "mechanical copy" and the "multiple performance" doctrines that were devised by the Supreme Court in the early twentieth century, and carried over in the Copyright Act of 1976, to accommodate the new technologies of recorded sound and radio broadcasting;

(3) an authoritative commentary by Professor Nimmer that, over the past thirty-plus years, has had the untoward effect of locking the transmit clause's jurisprudence into an anachronistic focus on single copies made in an outmoded technology; and

(4) the mystifying character of the digital copy itself, which fixes a work of authorship in permanent form but does so by creating a textual form of zeros and ones that is just as intangible as the authorial expression it embodies.

Finally, behind it all, the court in *Cartoon Network* had to deal with the ongoing and inescapable fact that works of authorship may be manifested in both copies and performances, as well as in copies *of* performances, while, more easily than ever before and in limitless seriality, performances can be copied, and copies performed. When a copy of a performance of a work is performed, what is being performed—a work or a copy? The question sounds like a riddle, but

it has practical consequences. See, for example, the Second Circuit's decision in *Cartoon Network*.

