

Comments

TIM HERING*

Users and Abusers: Has the Distinction Been Legislated out of Copyright?

The law hath not been dead, though it hath slept.
—William Shakespeare¹

At the Forty-Sixth Annual Grammy Awards, Recording Academy President Neil Portnow took the stage following a touching tribute to the late Warren Zevon. The mood was somber, as was Mr. Portnow's message.² The recording industry was emerging from a "perfect storm," he noted, which is to say the advent of peer-to-peer file sharing.³ After studying the issue, the industry had decided to launch a new campaign to convince the public not to trade music. It had created a website, "What's the Download.com," as well as various public service announcements. Mr. Portnow presented the first of those public announcements at the Grammys, a commercial that alternated between scenes of a teenage girl idly downloading a music file on her home computer and a nightclub pulsating with dancing and loud music. As the girl's download completes, the music in the

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¹ WILLIAM SHAKESPEARE, *MEASURE FOR MEASURE*, act 2, sc. 2.

² In fact, although the network played "Keep Me in Your Heart for a While" during the tribute, a more appropriate introduction to Mr. Portnow might have been Zevon's "Lawyers, Guns and Money."

³ Neil Portnow, Remarks at the 46th Annual Grammy Awards Telecast (Feb. 8, 2004), available at <http://www.grammy.com/features/2004/0208neilspeech.aspx>.

club falls silent and the dancers are struck dumb. The message: sharing digital files over the Internet will destroy the recording industry and music will disappear.

The recording industry's crisis is not entirely new, nor is its response. Historically, as technology has advanced, copyright owners have worried about the possible effects of that technology on their works.⁴ When piano rolls became popular in the early part of the twentieth century, for example, composers of music were concerned because the copyright in their compositions did not extend to the piano roll.⁵ To protect their works the composers turned to Congress to reconfigure copyright law in a way that addressed the new technology.⁶ So has the recording industry.

In setting copyright law, Congress is charged with balancing the public's interest in the free flow of ideas and private copyright owners' interest in profiting from their works. Yet in developing the laws, Congress has more often left it to the copyright-related industries to work out the specifics amongst themselves.⁷ After all, for most of its history copyright has been of little practical importance to the average person, pertaining more to authors and distributors.⁸ This Comment will explore how this method of legislative compromise has tended to expand the rights of copyright owners while limiting the rights of the public. Part I discusses the traditional balance in copyright law. Part II then traces the progression of copyright legislation in order to demonstrate how that balance has gradually been upset. Principles which have tended to maintain the rights of the public will be explored, including fair use and the doctrine of substantial noninfringing uses. Next, Part III argues that the Digital Millennium Copyright Act, as thus far interpreted, lays waste to the remaining balance. Part IV then addresses two issues that arise out of the advent of digital technology: circumventing technological controls to access digital works and peer-to-peer file sharing.

⁴ See JESSICA LITMAN, *Copyright and Compromise*, in DIGITAL COPYRIGHT 35, 35 (2001); see also Robin D. Gross, *Copyright Zealotry in a Digital World: Can Freedom of Speech Survive?*, in COPY FIGHTS 189, 191-92 (Adam Thierer & Wayne Crews eds., 2002).

⁵ LITMAN, *supra* note 4, at 39.

⁶ *Id.*

⁷ JESSICA LITMAN, *The Art of Making Copyright Laws*, in DIGITAL COPYRIGHT, *supra* note 4, at 23.

⁸ See generally JESSICA LITMAN, *A Thought Experiment*, in DIGITAL COPYRIGHT, *supra* note 4, at 70.

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In this section recent case law is explored to demonstrate that the potential exists for a judicial restoration of public rights. Finally, Part V discusses pending legislation that would, if enacted, do much to restore the historic balance in copyright.

I

TRADITIONAL BALANCE IN COPYRIGHT LAW: THE BARGAIN THEORY

On an elementary level, copyright law can be thought of as a bargain between the public at large and private copyright owners.⁹ In exchange for acquiescing to a statutory mechanism that enables copyright owners to profit from their works, the public gets limited access to and use of those works during a set period,¹⁰ and unlimited access and use thereafter. The underlying framework for this bargain was set forth by the Framers in Article I, Section 8, Clause 8 of the Constitution, which empowers Congress to secure “for limited Times to Authors . . . the exclusive Right to their respective Writings” in order to “promote the Progress of Science and useful Arts.”¹¹ Although the Copyright Clause was approved without debate and in a secret proceeding in 1787, leaving scant record of the Framers’ intent, the language suggests that the Framers intended to set in place an incentive system under which authors would be rewarded and therefore encouraged to create new works, which in turn would benefit public welfare.¹² Subsequent cases have reaffirmed this pre-

⁹ See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) (stating that copyright is “intended to motivate the creative activity of authors . . . by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired”). Nevertheless, as will be discussed, the public has become increasingly absent from the bargaining process, i.e., the legislative process, during which the “special reward” is determined.

¹⁰ The current copyright term is the life of the author plus seventy years for most works created on or after January 1, 1978; for anonymous, pseudonymous, or works made for hire, it is ninety-five years from publication or 120 years from creation, whichever is sooner. 17 U.S.C. §§ 302-304 (2000).

¹¹ U.S. CONST. art. I, § 8, cl. 8. Note that U.S. copyright law was originally modeled after the British system, specifically the Statute of Anne, and that much scholarship can be found tracing the roots of American copyright policy to well before the Copyright Clause was adopted. See CRAIG JOYCE ET AL., *COPYRIGHT LAW* § 1.03[A], at 15-19 (6th ed. 2003). For the purpose of this Comment, however, we need not delve further back than the Constitution.

¹² JOYCE ET AL., *supra* note 11, at 19 (citing Ralph Oman, *The Copyright Clause: “A Charter for a Living People,”* Address Before the American Bar Association Convention (Aug. 10, 1987), in 17 U. BALT. L. REV. 99, 103 (1987)).

mise.¹³ Justice O'Connor, for example, famously noted that “[t]he primary objective of copyright is not to reward the labor of authors, but ‘[t]o promote the Progress of Science and useful Arts.’”¹⁴

Perhaps the bargain is more accurately described as one between copyright owners and Congress, acting on behalf of the public.¹⁵ In setting the terms of the bargain, Congress is to be guided by the principles set forth in the Constitution. Specifically, Congress should seek to promote learning, preserve the public domain, and protect authors, in that order.¹⁶ That Congress should promote learning is stated directly; preserving the public domain is the obvious result of granting monopolies for only “limited times”; and protecting authors is the mechanism by which each of the first two policy objectives are achieved.¹⁷ It follows that since the third objective—protecting authors by granting them exclusive rights to their works—is not an end in itself, Congress should consider it only inasmuch as it relates to furthering the previous two objectives.¹⁸

A fourth principle is implicit in the language of the Copyright Clause: that people have a right to use copyrighted works.¹⁹ This inference owes itself to the fact that at the time the Copyright Clause was adopted (and for nearly the next two hundred years) federal copyright protection was contingent upon publication.²⁰ An author received no protection under the copyright

¹³ See *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127-28 (1932) (“The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors.”); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (“The immediate effect of . . . copyright law is to secure a fair return for an ‘author’s’ creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.”).

¹⁴ *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349 (1991) (alteration in original).

¹⁵ L. RAY PATTERSON & STANLEY W. LINDBERG, *THE NATURE OF COPYRIGHT: A LAW OF USERS’ RIGHTS* 138 (1991).

¹⁶ *Id.* at 48-49.

¹⁷ *Id.* at 49.

¹⁸ See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 431-32 (1984).

¹⁹ PATTERSON & LINDBERG, *supra* note 15, at 52.

²⁰ See, for example, the Copyright Act of 1909, which stated that “any person . . . may secure copyright for his work by publication thereof with the notice of copyright required by this Act.” Pub. L. No. 349, ch. 320, § 9, 35 Stat. 1075, 1077 (1909). Prior to the 1909 Act, copyright protection began when a title was filed for registration, which likewise provided public knowledge of and access to the work.

statute for his or her work unless and until it was published.²¹ The requirement of publication emphasized the bargain theory of copyright and how that bargain sought to grant the public a right to use copyrighted works.²² Congress did not compel authors to disclose their works to the public; a novel could remain in one's desk indefinitely, or for that matter could be tossed into the sea. The public had no direct right to the work. However, in exchange for copyright protection (and thus the ability to profit from the work) authors had to publish. The act of publishing, then, guaranteed the public's access to the copyrighted work, and guaranteed, within the confines of the law, its use of the work.

Under this basic framework, copyright law developed a set of exclusive, but limited, rights for authors. For example, the text of the 1909 Act granted the owner of a copyright the right to, among other things, "print, reprint, publish, copy, and vend the copyrighted work."²³ These rights were subject to various limiting doctrines such as fair use and the idea-expression dichotomy, both of which will be discussed in greater detail in Part II. To some extent, the exclusive rights and their limitations were developed with the Constitutional principles in mind, meaning that the traditional balance between public and private interests was more or less maintained. As has long been the case for copyright law, however, the 1909 Act was pushed to the breaking point by subsequent developments in technology. These technological advances called for significant amendments to the law throughout the twentieth century, resulting in some surprising shifts in policy.

II

UPSETTING THE BALANCE

A. *Natural Law vs. Statutory Grant*

Before looking into the ways in which copyright law was amended during the twentieth century, it is important to point out the two competing theories underpinning copyright. De-

²¹ For most of its history, U.S. copyright law existed as a bifurcated system; unpublished works were protected, if at all, by state common law. Once a work was published, it fell under the purview of federal law. The 1976 Act, however, essentially abolished common-law copyright by granting federal protection to works upon their being fixed in a tangible medium of expression. See *JOYCE ET AL.*, *supra* note 11, at 12.

²² See *PATTERSON & LINDBERG*, *supra* note 15, at 52.

²³ 17 U.S.C. § 1(a) (1976) (current version at 17 U.S.C. § 106 (2000)).

pending on whom you ask, copyright is either a natural-law property right or a limited statutorily-granted monopoly.²⁴ As is evident from the preceding section, the statutory grant theory is supported by the text of the Constitution and at least mentioned in case law; the natural-law property right theory, however, has nevertheless gained increasing support.²⁵

Thinking of copyright in terms of real property is not surprising given the strong emphasis on property rights in the United States. Still, the notion that authors have an inherent right to their intellectual property is more accurately thought of as a creature of civil law.²⁶ The French analogue of copyright, “*droit d’auteur*,” or the German “*Urheberrecht*,” both essentially translate to “authors’ rights,” and the language is telling.²⁷ If authors have an inherent property right in their works, then control of those works must primarily be theirs. Indeed, synonymous with the notion of authors’ rights is the notion of moral rights—that an author’s work is an extension of his or her personality, and as such the author should retain control over the way in which the work is used.²⁸ Moral rights generally include the right to insist that the integrity of the work is not harmed, the right to be acknowledged as the author, the right to determine when and how the work will be disclosed to the public, and even the right to recall all copies of the work or preclude excessive criticism.²⁹

Important consequences attach to adopting one theory over the other. For instance, granting such extensive rights to authors necessitates a corresponding decrease in the rights of the public. Obviously there are numerous problems with shrinking the rights of the public. Most important, perhaps, is the melding of the dis-

²⁴ Obviously many copyright owners will lean toward the proprietary theory, as it enlarges their rights, while users of copyrighted works (including some authors) will lean toward the regulatory theory. As to the source of the two theories, some commentators make the distinction thus: the natural-law theory is a product of judicial decisions while copyright legislation is the source of the statutory grant theory. See PATTERSON & LINDBERG, *supra* note 15, at 110. At least one federal appellate judge has specifically addressed the issue, noting that “natural law copyright . . . is not a part of our system.” *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1262 (11th Cir. 2001) (Birch, J.).

²⁵ See JOYCE ET AL., *supra* note 11, at 27-28.

²⁶ The conflict between the two theories likely began during the eighteenth century in England, when booksellers introduced the notion of common-law copyright protection for authors. PATTERSON & LINDBERG, *supra* note 15, at 110.

²⁷ JOYCE ET AL., *supra* note 11, at 27.

²⁸ See *id.* at 607-08; see also PATTERSON & LINDBERG, *supra* note 15, at 166.

²⁹ JOYCE ET AL., *supra* note 11, at 608.

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inction between the copyright in a work and the work itself.³⁰ American copyright law has always at least attempted to make this critical distinction.³¹ On its face, the distinction is clear enough: copyright does not attach to the physical object on which a copyrighted work is fixed. Thus, when an author sells a copy of a novel, he or she retains the copyright while not retaining any right to the book itself. The purchaser of the book is free to read the book, tear it up, give it away to a friend, or even resell it at a garage sale or a used bookstore. However, the purchaser may not infringe the author’s copyright in the work by, for example, making wholesale copies of the book and distributing them. The distinction is further illustrated by the fact that the author, even after selling a copy of the novel, remains free to transfer all or part of the copyright in the work.³²

Under a system based on the moral rights of authors, this distinction is largely lost because the author retains an interest in not only the copyright, but also the work itself. The right to preserve the integrity of a work or “to be free from vexatious or malicious attacks on a work, on the basis that the work constitutes an extension of its creator’s person” extends an author’s control beyond just the copyright.³³ Moreover, not acknowledging the distinction between the copyright and the work itself frustrates the fundamental purpose behind copyright—to promote learning—because access and use of copyrighted works is limited beyond that necessary to encourage authors to create.³⁴

Despite the potential deleterious effect on the constitutional goal of promoting the public welfare, the notion of authors’ rights has taken an increasingly visible role in the American copyright system. This is due in large part to efforts to bring international uniformity to copyright laws, but it is due even more to the way in which copyright legislation has been enacted in this country.

³⁰ See PATTERSON & LINDBERG, *supra* note 15, at 13-14.

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³¹ See, e.g., 17 U.S.C. § 27 (1977) (“[C]opyright is distinct from the property in the material object copyrighted.”) (current version at 17 U.S.C. § 202 (2000)); see also PATTERSON & LINDBERG, *supra* note 15, at 13 (noting that the distinction has always existed, but was clarified by the Copyright Act of 1976, which made copyright divisible).

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³² See § 202.

³³ JOYCE ET AL., *supra* note 11, at 608.

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³⁴ See PATTERSON & LINDBERG, *supra* note 15, at 13.

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B. Copyright Legislation

Imagine if you will a science class in junior high school. At each station, the teacher has set out a balance which the students must learn to use for experiments. In front of each balance is a small set of metal pieces of varying sizes and weights. (Yes, this is before digital scales were used.) Each piece is carefully marked, ranging from one to one hundred grams. First off, the students are instructed to set a twenty-gram weight on one side of the balance and two ten-gram weights on the other, resulting, of course, in a happy equilibrium. Next, the students are encouraged to experiment. Cautiously they begin, placing a tiny one-gram unit on one side. From that single piece, the students see the scale tip, but almost undetectably, and so they put on another and another, watching the distribution shift. Through experimentation, the students try to make incremental changes that will not send one side crashing down onto the countertop. In like manner, copyright legislation has been enacted, with subtle one-gram shifts in favor of authors and copyright owners being placed on the scale incrementally, slowly but not entirely upsetting the balance between public and private interests.

The story of copyright law is one of adaptation, of “respon[ding] to new technologies in the reproduction and distribution of human expression.”³⁵ Countless times since the invention of the printing press made copyright necessary,³⁶ the laws protecting authors (and ostensibly the public) have had to be tweaked, reinterpreted, or even scrapped altogether and rewritten.³⁷ This was especially true during the twentieth century. No sooner was the 1909 Act enacted, for example, was it battling obsolescence because it gave virtually no consideration to the emerging motion picture industry.³⁸

In 1911 the motion picture industry was sued for releasing *Ben*

³⁵ JOYCE ET AL., *supra* note 11, at 1.

³⁶ Copyright law was a response to the invention of printing with moveable type in the fifteenth century, although it took more than two hundred years for the law to catch up with that technology. Response time has steadily improved since then. *See id.* at 15.

³⁷ *See* U.S. COPYRIGHT OFFICE, CIRCULAR 1A: A BRIEF HISTORY & OVERVIEW (offering a brief overview of revisions to copyright law, for example, the addition of photographs as a category of protected work in 1865 and the protection against unauthorized public performance of music in 1897), *available at* <http://www.copyright.gov/circs/circ1a.html> (last visited Jan. 2005).

³⁸ *See* LITMAN, *supra* note 4, at 40-41.

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Hur, a film based on a book by General Lew Wallace.³⁹ The copyright in the book was owned by Harper Brothers Publishing, which argued that showing the movie was an infringement of its copyright in the novel.⁴⁰ Although the case settled after the Supreme Court held in favor of the publisher,⁴¹ the incident caused an important shift in the movie industry; suddenly it was interested in copyright laws, which it argued needed amending.

Following the lawsuit over *Ben Hur*, the movie industry put together a bill that was introduced in the House of Representatives in January of 1912.⁴² Not surprisingly, the bill had many critics, namely those copyright industries that were already sufficiently represented by the 1909 Act.⁴³ At hearings in front of the House Patent Committee, interested groups met and pled their cases, demonstrating little common ground. As a solution, the House encouraged the interested parties to negotiate privately and return with what they thought would be a fair solution. (Interestingly, this was the same strategy used to create the 1909 Act, which was rapidly showing its holes.) The parties came to an agreement in March of that same year and submitted their proposal to the House; and despite concerns over some of the proposals in the new bill, it was enacted with only minor changes.⁴⁴ Like the 1909 Act, for anyone present during negotiations the amendment was satisfactory, while anyone absent would have to take up the battle for their interests at a later date.⁴⁵

The example of the movie industry is more or less representative of subsequent copyright legislation. As new technologies and new mediums of expression rose to prominence, the law was forced to either bend itself in a way that incorporated the new technology or undergo amendment. Moreover, as the pace of advances in technology quickened throughout the twentieth century, so too did the need for rethinking copyright. Indeed, as one commentator so aptly noted, “Copyright laws become obsolete

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *See id.* (citing *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911)).

⁴² LITMAN, *supra* note 4, at 40-41.

⁴³ *See id.*

⁴⁴ *See id.*

⁴⁵ The authors of nondramatic works, for example, were disadvantaged by the new bill. For a more detailed account of the motion picture industry's entrance into the world of copyright, as well as a thorough discussion on the history of copyright legislation, see *id.*

when technology renders the assumptions on which they were based outmoded.”⁴⁶ With copyright laws becoming increasingly obsolete, therefore, Congress got in the habit of turning to the then-represented copyright industries to hammer out the necessary changes.⁴⁷ While this may have appeared a sensible approach at the time—and certainly one that was easier on representatives who were under pressure from the large copyright industries—it may have had negative, albeit unexpected, consequences on the nature of copyright and the rights of the public.

One such unexpected consequence of this method of drafting legislation was an increase in the scope, subject matter, and length of copyright. When representatives from new industries negotiate with established copyright owners like traditional publishers, there is one predictable feature of the process—the publishers are not going to give up something for nothing.⁴⁸ This is true of any group that currently has a stake in copyright law. As a result, copyright law has tended to become more specific, more complex, and ultimately more confusing. A simple example will illustrate the point.

When the Walt Disney Corporation sought to extend the copyright term by twenty years due to the imminent threat of losing Mickey Mouse to the public domain, it had to caress and appease those (not including the public) for whom copyright extension was not beneficial.⁴⁹ Fortunately for Disney, copyright extension was a plus factor for most of the players to the negotiations, who by definition were mainly copyright owners, licensors, or licensees.⁵⁰ Nevertheless, copyright extension was not beneficial for some: libraries can make far more use of works in the public domain and gain no additional benefit from extending the copyright term.⁵¹ Proponents of the longer term therefore granted libraries an exemption to the proposed copyright extension.⁵² While this made representatives from the libraries happy (at least happy enough to go along with the amendment), it did little for members of the public, who saw their rights shrink in order to

⁴⁶ LITMAN, *supra* note 7, at 22.

⁴⁷ *See id.* at 23.

⁴⁸ *See id.*

⁴⁹ *See id.* at 23-24.

⁵⁰ *Id.*

⁵¹ *Id.* at 24.

⁵² 17 U.S.C. § 108 (2000).

accommodate the expanding rights of copyright owners. What is more, it is difficult to see how expanding the length of copyright protection did anything to further copyright’s fundamental purpose of promoting learning.

1. *The 1976 Act*

It is under this method of interest group wrangling that the current copyright statute was born. In 1955, sensing the inevitable demise of a statute that had originally been drafted before the advent of television or even radio, Congress authorized a substantial revision project.⁵³ Initially designed to take three years, the revision process stretched out through hearings and reports and negotiations and compromises for the next twenty-one years.⁵⁴ The number of industries with an interest in copyright had grown considerably since the enactment of the 1909 Act, and the process of allowing those groups to work it out amongst themselves proved maddening.⁵⁵ The resulting Act passed in 1976 bore some of the same hallmarks of its predecessor: the Act’s provisions spoke to the narrow interests of individual copyright owners rather than to the general guiding principles of copyright.⁵⁶ This was not surprising, though, given that “[o]f the thirty-four separate studies prepared under the supervision of the Copyright Office to provide necessary background for Congress, not one of them focused on either the history or the philosophy of copyright itself.”⁵⁷

The Copyright Act of 1976 resembled the 1909 Act in another way. Just as the motion picture industry in 1910 had quickly reminded Congress of the importance of emerging technologies, so too was Congress reminded of that importance after enacting the 1976 Act. Somehow in over two decades of negotiations, nobody had bothered to address another emerging industry—the computer industry.⁵⁸ The result, of course, was a revision of the Act

⁵³ See JOYCE ET AL., *supra* note 11, at 22.

⁵⁴ *Id.* For an interesting and in depth account of the legislative process that led to the Copyright Act of 1976, see Jessica Litman, *Copyright Legislation and Technological Change*, 68 OR. L. REV. 275 (1989).

⁵⁵ See LITMAN, *supra* note 4, at 54-57.

⁵⁶ See *id.*

⁵⁷ PATTERSON & LINDBERG, *supra* note 15, at 91-92.

⁵⁸ See JOYCE ET AL., *supra* note 11, at 24. The House Committee reports accompanying the 1976 Act referred to computer programs, yet they were not addressed in the final legislation. See H.R. REP. NO. 94-1476, at 52-53 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5665-67.

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in 1980 designed to give protection to computer programs.⁵⁹ Since then, the pace of amendments to the Copyright Act has mirrored the increasingly rapid pace of technology, with numerous amendments enacted in the last twenty years.

The 1976 Act is both narrower and at the same time more convoluted than the 1909 Act. Under the original text of the 1976 Act, an author had the exclusive right to reproduce, distribute, perform, and display his or her copyrighted work, as well as to prepare derivative works.⁶⁰ The House Report noted that “[t]he approach of the bill is to set forth the copyright owner’s exclusive rights in broad terms in section 106, and then to provide various limitations, qualifications, or exemptions in the twelve sections that follow.”⁶¹ Congress has since added a sixth exclusive right, the right “in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.”⁶² Moreover, Congress has expanded the number of limitations to sixteen, so that the exclusive rights of section 106 are subject to, and must be construed in accordance with, section 107 through section 122.⁶³

Many of the limitations promulgated in the statute are the result of the legislative process described above. Section 108, for instance, essentially gives libraries the ability to reproduce one copy of a work for archival purposes.⁶⁴ But that exception alone takes several pages to enumerate. Similarly, Congress enacted section 119, the Satellite Home Viewer Act, in 1988 to deal with the expanding satellite dish television industry⁶⁵ because the exception that already existed to accommodate cable television providers was drafted too narrowly to cover satellite transmissions.⁶⁶ The cable industry operated under a limited statutory licensing scheme that permitted the providers to broadcast copyrighted works. Royalties collected from the cable industry were then divided among copyright holders. When copyright owners sued satellite providers for distributing their copyrighted works,

⁵⁹ 17 U.S.C. § 117 (2000).

⁶⁰ Copyright Act of 1976, Pub. L. No. 94-553, § 106, 90 Stat. 2541 (1976) (codified as amended at 17 U.S.C. § 106 (2000)).

⁶¹ H.R. REP. NO. 94-1476, at 61 (1976).

⁶² 17 U.S.C. § 106(6).

⁶³ *Id.* §§ 107-122.

⁶⁴ *Id.* § 108.

⁶⁵ Public L. No. 100-667, 102 Stat. 3949 (1988) (codified as amended at 17 U.S.C. § 119 (2000)).

⁶⁶ See LITMAN, *supra* note 4, at 58.

the satellite dish industry argued that it wanted to be included under the cable television licensing scheme. The cable industry, of course, opposed the idea. What resulted was another long and largely incomprehensible statutory licensing scheme (more restrictive and expensive than the cable license scheme) dealing only with satellite transmissions.⁶⁷ The Satellite Home Viewer Act is representative of subsequent legislation, which has involved narrow exemptions being carved out to respond to new technologies. In the end, the 1976 Act enumerates an author's rights in less than one page, while the narrowly drafted exceptions, exemptions, and limitations to those rights take up more than the next fifty.⁶⁸

Despite the numerous limitations that are tailored so specifically as to favor only isolated interest groups, Congress did not, in enacting the 1976 Act, hand over the reins completely to the copyright-related industries. Some provisions do in fact work to serve the public good. For example, Congress retained the idea-expression dichotomy, stating explicitly that copyright does not "extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery."⁶⁹ The idea-expression dichotomy protects the public's access to the facts and ideas embodied in original works of authorship, which serves the constitutional goal of promoting learning and enhancing the public domain. In section 103 of the Act, Congress reaffirmed this premise for compilations and derivative works.⁷⁰ Section 103 specifies that only those aspects of compilations and derivative works original to the author are protected by copyright.⁷¹ Anything else is open for public access and use.

Congress further protected the balance in copyright in section 202, which establishes that "[o]wnership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied."⁷² Thus, when you purchase a novel you are purchasing only the

⁶⁷ See 17 U.S.C. § 119. Congress later relaxed the restrictions on satellite transmissions and reduced the fees. Intellectual Property & Communications Omnibus Reform Act of 1999 §§ 1001-1010; Pub. L. No. 106-113, 113 Stat. 1536 (1999) (codified at 17 U.S.C. §§ 119, 122 (2000)).

⁶⁸ See §§ 106-22.

⁶⁹ *Id.* § 102(b).

⁷⁰ See *id.* § 103(b).

⁷¹ *Id.*

⁷² *Id.* § 202.

material object, not any part of the copyright. Conversely, the owner of the copyright in the novel retains no control over the material object, which you are free to use as you see fit, absent infringement. This idea is commonly referred to as the first sale doctrine.

Still another public protection worked into the text of the Act, and one of the most important, is the fair use exception. Congress codified the judicially created doctrine to guarantee that copyrighted works could still be used, even copied, “for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.”⁷³ Fair use is an affirmative defense to infringement and serves as an important limitation on the statutory monopoly granted to copyright owners.⁷⁴ As an “equitable rule of reason,”⁷⁵ fair use is determined on a case-by-case basis, with emphasis given to four factors: “(1) the purpose and character of the use; . . . (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market.”⁷⁶ No single factor is determinative, “[n]or may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.”⁷⁷ Furthermore, by codifying the doctrine of fair use, Congress meant only to restate the judicial doctrine already being used, “not to change, narrow, or enlarge it in any way.”⁷⁸

2. Sony Corp. of America v. Universal Studios, Inc.

Since Congress codified the fair use privilege, four major Su-

⁷³ *Id.* § 107. The origin of the fair use doctrine in the United States is usually traced to Justice Story’s opinion in *Folsom v. Marsh*, 9 F. Cas. 342 (1841) (No. 4901). Indeed, the factors courts are to consider today when determining whether a use was fair are essentially those outlined by Justice Story, although they have been somewhat sharpened through subsequent decisions. See *JOYCE ET AL.*, *supra* note 11, at 841.

⁷⁴ See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994) (noting that fair use has long been thought “necessary to fulfill copyright’s very purpose, ‘to promote the Progress of Science and useful Arts’”) (quoting U.S. CONST. art. I, § 8, cl. 8.).

⁷⁵ *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 455 n.40 (1984).

⁷⁶ § 107(1)-(4).

⁷⁷ *Campbell*, 510 U.S. at 578.

⁷⁸ H.R. Rep. No. 94-1476, at 66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5680.

preme Court decisions have addressed it.⁷⁹ A brief look at the first of these cases, *Sony Corp. of America v. Universal Studios, Inc.*, demonstrates the effectiveness and importance of the doctrine.⁸⁰ In *Sony*, the owners of copyrights in various publicly broadcast television programs, including Universal City Studios and Walt Disney Productions, sued Sony Corporation for manufacturing and distributing the Betamax videotape recorder (“VCR”).⁸¹ Purchasers of Sony’s VCR were recording television programs to watch at their convenience, a process dubbed “time-shifting.”⁸² Surveys showed that a substantial number of VCR owners had amassed libraries of recorded tapes,⁸³ meaning that Sony’s VCRs were potentially facilitating millions of instances of copyright infringement. Therefore, rather than going after individual infringers, Universal brought an action against Sony alleging contributory infringement. Universal had the burden of proving first that users of Sony’s VCR had infringed their copyrights, and second that Sony was responsible.⁸⁴

In a five-to-four decision, the Supreme Court held in Sony’s favor. First, the majority held that personal home recording of television programs for the purpose of time-shifting was fair use.⁸⁵ Universal had argued that such use of VCRs would have serious negative economic effects on the television and motion picture industries, but the Court instead relied on the district court’s findings that “[h]arm from time-shifting [wa]s speculative and, at best, minimal.”⁸⁶ Next, the majority declared that under the staple article of commerce doctrine, the seller of copying equipment is not liable for contributory infringement if their equipment is “capable of substantial noninfringing uses.”⁸⁷ The Court noted that it did not need to “explore *all* the different potential uses of [Sony’s] machine,” only those considered by the district court.⁸⁸ Because the majority had agreed with the district

⁷⁹ *Campbell*, 510 U.S. 569; *Stewart v. Abend*, 495 U.S. 207 (1990); *Harper & Row, Publishers, Inc., v. Nation Enters.*, 471 U.S. 539 (1985); *Sony*, 464 U.S. 417.

⁸⁰ 464 U.S. 417 (1984).

⁸¹ *Id.* at 419-20. Note that the Supreme Court referred to the Betamax recorder as a “VTR,” video tape recorder. I have used the more familiar term “VCR.”

⁸² *Id.* at 423.

⁸³ *Id.*

⁸⁴ *Id.* at 434.

⁸⁵ *Id.* at 454-55.

⁸⁶ *Id.* at 454.

⁸⁷ *Id.* at 442.

⁸⁸ *Id.*

court's findings regarding the uses of Sony's VCR, particularly that individual VCR users had not infringed Universal's copyrights, it held that the Betamax was capable of substantial noninfringing uses.⁸⁹

The *Sony* decision is notable for several reasons. For one, it affirmed the importance of the fair use doctrine under the 1976 Act.⁹⁰ Copyright protection, the Court noted, does not give the copyright owner control over every use of his or her work; a person is still free to make fair uses of copyrighted works absent the author's permission.⁹¹ The *Sony* decision also illustrates some difficult issues that arise when figuring out how copyright law should handle new technologies. The motion picture industry had fought bitterly to stave off the emergence of home videocassette technology, arguing that it would be the death knell for movies. Indeed, Jack Valenti, long time president and CEO of the Motion Picture Association of America, warned that "[l]etting the videocassette recorder into the United States would be like letting the Boston Strangler into the room with a young woman."⁹² He was, of course, wrong. In fact, the exact opposite proved to be the case. Today video sales and rentals account for three-quarters of the movie industry's income.⁹³

Sony demonstrates, therefore, that industries do not always have the foresight to know what is best for themselves, let alone the public.⁹⁴ For that reason, the congressional practice of allowing copyright-related industries to work out the copyright laws amongst themselves can only work if Congress ensures that broad limiting doctrines (fair use, idea-expression) remain intact and available. The 1976 Act proved resilient enough to handle the advent of VCRs. It also managed to protect the public's right of limited access and use of copyrighted works. With the rise of digital technology in the 1990s, however, the viability of the Act was again in question.

⁸⁹ *Id.*

⁹⁰ *See id.* at 432-33.

⁹¹ *Id.*

⁹² John Perry Barlow, *Intellectual Property, Information Age*, in *COPY FIGHTS*, *supra* note 4, at 37, 39.

⁹³ *Id.*

⁹⁴ Copyright-related industries have more than once cried wolf. The publishing industry, for example, claimed (incorrectly) that it was doomed due to the rise of photocopiers. *See* Stan Liebowitz, *Copyright in the Post-Napster World: Legal or Market Solutions?*, in *COPY FIGHTS*, *supra* note 4, at 197, 199.

III

THE DIGITAL MILLENNIUM COPYRIGHT ACT

The Digital Millennium Copyright Act (DMCA) represents the logical conclusion of privately negotiated copyright legislation. The interests of those who were at the bargaining table are manifold, intertwined, and solidly protected, while the interests of those absent from the table have been marginalized. The final version of the statute is the product of a four-year, dizzyingly complex multiparty negotiation, which contains “no overarching vision of the public interest.”⁹⁵ In our hypothesized junior high science class from section II, the DMCA is the jumbo one hundred-gram weight which that one beefy kid, not a big fan of science anyway, just had to throw on the scale. And without enough smaller weights carefully situated on the other side to offset its girth, the one hundred-gram piece predictably crashed onto the countertop, sending all of the smaller pieces already on the balance into disarray. Of course, then the question became: Who picks up the pieces?

Perhaps a better way to think of the DMCA is as an overreaction. With the rise of digital technology in the early 1990s, the current major copyright holders, like the movie industry and the recording industry, were panicked. This was understandable to some extent, given that works in digital format could be reproduced almost endlessly for little cost and with no degradation in quality. Historically, works had been protected by the prohibitive cost of reproduction. Not so anymore. In response to these concerns, the Clinton Administration in 1993 appointed the Information Infrastructure Task Force (IITF) to explore the digital environment and to develop a workable policy.⁹⁶ Two years later the IITF produced its findings in *Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights*, or what is commonly re-

⁹⁵ JESSICA LITMAN, *The Bargaining Table*, in DIGITAL COPYRIGHT, *supra* note 4, at 122, 144-45; *see also* SIVA VAIDHYANATHAN, COPYRIGHTS & COPYWRONGS: THE RISE OF INTELLECTUAL PROPERTY AND HOW IT THREATENS CREATIVITY 159 (2001) (“The White Paper paid no attention to the public interest concerns of the copyright system.”).

⁹⁶ BRUCE A. LEHMAN (CHAIRMAN), INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 1 (1995), *available at* <http://www.uspto.gov/web/offices/com/doc/ipnii/ipnii.pdf>.

ferred to as the “White Paper.”⁹⁷

In the White Paper, the Working Group began by noting that “[e]nsuring consumer access to and enjoyment of both copyrighted works and new technologies is an attainable goal.”⁹⁸ As proof of this, it cited the *Sony Betamax* decision.⁹⁹ Indeed, it would take “no more than minor clarification and limited amendment” of the Copyright Act, merely some “fine tuning,” to bring the Act up to speed with current technology.¹⁰⁰ Despite such optimistic beginnings, the proposals supported in the White Paper ensured neither access to nor enjoyment of copyrighted works. Rather than fine-tuning the Act, the White Paper’s recommendations entailed a major overhaul that granted sweeping new rights to authors to control their works, while diminishing the rights of the public.¹⁰¹ The general reasoning behind the White Paper was that copyright owners would not make their material available in digital format without hearty technological and legal protections in place.¹⁰² Ostensibly, then, to promote the progress of science and useful arts, content providers needed to be able to install digital locks, backed by the force of law.¹⁰³

Based in part on the recommendations put forth in the White Paper, Congress enacted the DMCA in 1998.¹⁰⁴ The statute is comprised of five titles. Title I implements two treaties of the World Intellectual Property Organization (WIPO): the Copyright Treaty and the Performances and Phonogram Treaty.¹⁰⁵ Ti-

⁹⁷ *Id.*

⁹⁸ *Id.* at 11. The White Paper also specifically claims as its goal “maintain[ing] the existing balance” of copyright law. *Id.* at 14.

⁹⁹ *Id.* at 11.

¹⁰⁰ *Id.* at 17.

¹⁰¹ For a detailed account of how the Clinton Administration, through the IITF, grabbed hold of and marshaled into being the “Information Superhighway,” see JESSICA LITMAN, *Copyright Lawyers Set Out to Colonize Cyberspace*, in DIGITAL COPYRIGHT, *supra* note 4, at 89.

¹⁰² See Drew Clark, *How Copyright Became Controversial*, in COPY FIGHTS, *supra* note 4, at 147, 147 (2002).

¹⁰³ See *id.*

¹⁰⁴ Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified at 17 U.S.C. §§ 114, 512, 1201-05 (2000)). More information on the history of the DMCA can be found on the Digital Future Coalition’s website, at http://www.dfc.org/dfc1/Active_Issues/graphic/DMCA_index.html (last visited Feb. 21, 2005).

¹⁰⁵ 17 U.S.C. §§ 101-05 (2000); see Statement by President William J. Clinton Upon Signing H.R. 2281 (“This Act implements two landmark treaties that were successfully negotiated by my Administration in 1996.”), reprinted in 1998 U.S.C.C.A.N. 671, 671 [hereinafter President Clinton].

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tle II establishes safe harbors for online service providers.¹⁰⁶ Title III allows for temporary copies of computer programs to be made during maintenance or repair,¹⁰⁷ while Title IV of the Act contains miscellaneous provisions, including limitations on exclusive rights to support distance education and amendments to enable internet broadcasting.¹⁰⁸ The last one, Title V, protects original boat hull designs.¹⁰⁹ This Comment will focus primarily on the first two titles.

Each of the two WIPO treaties implemented by the Act called for protection against circumvention of technological measures used to protect digital works.¹¹⁰ Accordingly, the DMCA added Chapter 12 to Title 17 of the United States Code, the controversial anti-circumvention provisions.¹¹¹ Section 1201 prevents the circumvention of technological measures that control access to copyrighted works.¹¹² The statute also prohibits trafficking in technology that allows circumvention of both access controls and controls that protect the rights of the author (use controls),¹¹³ but only if the technology is primarily designed to circumvent such controls,¹¹⁴ has otherwise limited commercial purposes,¹¹⁵ or is marketed as a circumvention tool.¹¹⁶ Thus, while trafficking in circumvention tools that enable access *or* use is illegal, only circumventing access controls is prohibited. In theory, by not prohibiting the circumvention of use controls, Congress intended to leave room to make fair or other noninfringing uses of protected works. In practice, because the statute does not define

¹⁰⁶ 17 U.S.C. § 512.

¹⁰⁷ *Id.* § 117.

¹⁰⁸ *Id.* § 701, 112, 108.

¹⁰⁹ *Id.* § 1301.

¹¹⁰ World Intellectual Property Organization: Copyright Treaty, Dec. 20, 1996, available at <http://www.wipo.int/clea/docs/en/wo/wo033en.htm>; World Intellectual Property Organization: Performances and Phonograms Treaty, Dec. 20, 1996, available at <http://www.wipo.int/clea/docs/en/wo/wo034en.htm>.

¹¹¹ Upon signing the bill into law, President Clinton reaffirmed that one of the primary purposes of the DMCA was to provide adequate protection and effective remedies against circumvention so that copyright owners could protect their works. Piracy on a global scale, he noted, was possible “with a single keystroke.” Still, he assured that the Act’s provisions had been designed by “carefully balancing the interests of both copyright owners and users.” President Clinton, *supra* note 105, at 671. It is this latter proposition that has been questioned and hotly debated.

¹¹² 17 U.S.C. § 1201(a)(1)(A).

¹¹³ § 1201(a)(2)-(b).

¹¹⁴ §§ 1201(a)(2)(A), (b)(1)(A).

¹¹⁵ §§ 1201(a)(2)(B), (b)(1)(B).

¹¹⁶ §§ 1201(a)(2)(C), (b)(1)(C).

“access,” content owners can regulate the use of their works by requiring users to get permission to access the work every time it is consulted.¹¹⁷ Thus, “the ‘access/use’ distinction tends to collapse under pressure.”¹¹⁸

Furthermore, the general limitations on copyright owners under the 1976 Act apparently do not apply to Chapter 12.¹¹⁹ It does not matter, for example, if you circumvent an access control to make a fair use of a work—it is still a violation of section 1201. Only the limited exceptions written into Chapter 12 apply. These exceptions include, for instance, reverse engineering to achieve interoperability,¹²⁰ browsing for potential purchases on the part of schools and libraries,¹²¹ as well as exceptions for encryption research¹²² and computer security testing.¹²³ Whereas traditional copyright law provided remedies solely for acts of infringement, Chapter 12 provides remedies regardless of whether any infringement has taken place. As such, it is not technically copyright legislation, but rather, as many have dubbed it, “paracopyright.”¹²⁴ The potential exists under paracopyright legislation for content owners to effectively lock up their works against any use unless specifically authorized and, perhaps, purchased. Aside from being a direct affront on the public’s traditional rights, granting authors such absolute control is more likely to stifle the creation of new works and the enhancement of the public sphere.

The abandonment of fair use under Chapter 12 is not a given, though. In fact, Congress apparently thought it was ensuring the survival of the doctrine by requiring the Library of Congress to periodically conduct rulemaking proceedings to assess the effect of the anti-circumvention provisions on the ability of individuals to make noninfringing uses.¹²⁵ Section 1201(a)(1)(B) actually states that the anti-circumvention provisions will not apply if

¹¹⁷ See JOYCE ET AL., *supra* note 11, at 814.

¹¹⁸ *Id.*

¹¹⁹ See Jeff Sharp, *Coming Soon to Pay-Per-View: How the Digital Millennium Copyright Act Enables Digital Content Owners to Circumvent Educational Fair Use*, 40 AM. BUS. L.J. 1, 36 (2002) (noting that legislative history and judicial interpretation of the DMCA show that protecting the rights of copyright owners trumps fair use).

¹²⁰ § 1201(f).

¹²¹ § 1201(d).

¹²² § 1201(g).

¹²³ § 1201(j).

¹²⁴ See, e.g., JOYCE ET AL., *supra* note 11, at 813 (“Chapter 12 is not copyright legislation Rather, it is what has been termed ‘paracopyright’ legislation.”).

¹²⁵ § 1201(a)(1)(C).

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people are adversely affected in their ability to make noninfringing uses of copyrighted works. Section 1201(c)(1) further provides that fair use is not affected under the statute. Moreover, legislative history demonstrates that Congress was concerned over the potential of the DMCA to negate fair use and create a pay-per-view society.¹²⁶ The original draft of the legislation gave no thought to fair use, yet Congress made two important changes.¹²⁷ First, it eliminated the word “use” from section 1201(a) in order to make clear that “users could circumvent such measures in order to make fair use copies.”¹²⁸ Second, it included a savings clause ensuring that defenses such as fair use were not affected by the prohibitions on circumvention.¹²⁹ These changes were meant to guarantee that technology would not be used to lock up information and to “ensure that consumers . . . [would] be able to continue to exercise their historical fair use rights.”¹³⁰ Still, even despite Congress’s concerns and its attempt to do otherwise, fair use appears to have been elbowed out of Chapter 12.

Title II of the DMCA has also been the subject of some controversy. The safe harbor provisions of Title II grew out of intense lobbying from Internet service providers such as AOL and local public libraries, each of which foresaw potential liability under what was then emerging as the DMCA.¹³¹ For example, the service providers were concerned that temporary reproductions of digital works made and transmitted through their servers and routers would open them up to infringement suits, or likewise with the infringing conduct of their customers.¹³² To assuage their fears and ensure that the Internet would continue to

¹²⁶ Early drafts of the anti-circumvention provisions were discarded due to fair use concerns. In referring to the earlier drafts, Senator John Ashcroft remarked: “[T]his section would have established a flat prohibition on the circumvention of technological protection measures to gain access to works for any purpose, and thus raised the specter of moving our Nation towards a ‘pay-per-use’ society.” 144 CONG. REC. S11887 (daily ed. Oct. 8, 1998). For additional discussion about Congress’s fair use concerns when enacting the DMCA, see Sharp, *supra* note 119, at 36-42.

¹²⁷ 144 CONG. REC. H7097 (daily ed. Aug. 4, 1998) (statement of Rep. Tom Campbell).

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ 144 CONG. REC. H7094 (daily ed. Aug. 4, 1998) (statement of Rep. Thomas J. Bliley, Jr.).

¹³¹ See JOYCE ET AL., *supra* note 11, at 793.

¹³² *Id.*

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flourish, Congress added Title II of the DMCA, which gives Internet service providers safe harbor in four situations.

First, section 512(a) protects a service provider from liability arising out of any transmissions of infringing material, provided that someone else made the transmission, it was carried out automatically without selection by the service provider, and the service provider did not choose its recipients.¹³³ Next, section 512(b) protects service providers from liability for temporarily storing infringing material so long as it is done automatically and the service provider complies with certain notice-and-take-down procedures.¹³⁴ Section 512(c) essentially limits liability for Web hosting. Under this provision a service provider must not know the material it is “hosting” is infringing,¹³⁵ and must be unable to control what is posted or receive any direct financial benefit from it.¹³⁶ And finally, section 512(d) provides that a service provider is not liable for referring or linking its customers to an online location containing infringing material or infringing activity, absent actual knowledge or financial benefit.¹³⁷ For any of these safe harbor provisions to apply, a defendant must qualify as a “service provider” under the statute and must act expeditiously to take infringing material down upon its discovery. These last two requirements have been the subject of several cases so far, in part because the definition of “service provider” is quite broad.¹³⁸

IV

APPLYING THE DMCA: FROM ANTI-CIRCUMVENTION TO PEER-TO-PEER FILE SHARING

In its relatively short life, the DMCA has been the source of numerous conflicts and debates. This section will explore two of them: the debate over the anti-circumvention provisions; and the debate over peer-to-peer file sharing. By examining relevant case law, this Comment aims to demonstrate that the DMCA has been stretched beyond its initial intentions and has upset the traditional balance in copyright law. Cases involving the anti-cir-

¹³³ 17 U.S.C. § 512(a)(1)-(3) (2003).

¹³⁴ § 512(b)(1)(A)-(C).

¹³⁵ § 512(c)(1)(A)(i).

¹³⁶ § 512(c)(1)(B).

¹³⁷ §§ 512(d)(1)(A), (2).

¹³⁸ “[T]he term ‘service provider’ means a provider of online services or network access, or the operator of facilities therefore.” § 512(k)(1)(B).

cumvention provisions demonstrate that the DMCA, as applied, is having a negative effect on the rights of the public, particularly its right to make fair uses of copyrighted works; yet cases involving peer-to-peer systems are perhaps more troubling. Although the peer-to-peer cases have thus far hardly touched on the actual provisions of the DMCA, the effects of the statute are plainly evident in that the rights of copyright owners have taken a front seat to nearly everyone else.

Fortunately, there may be a dim light climbing the horizon. Courts have been quick to enforce the anti-trafficking provisions of section 1201, denying many arguments of fair use, but the question has yet to be addressed in relation to circumventing an access control to make a fair, noninfringing use. That leaves open the possibility for additional judicial interpretation that could reverse the current trend.¹³⁹ Furthermore, while cases involving peer-to-peer file sharing have resulted in several victories for copyright owners and have cast doubt on the *Sony* doctrine's applicability to the digital world, a recent Ninth Circuit decision has marked a change.¹⁴⁰ If the United States Supreme Court, which recently heard oral arguments in the case, agrees with the Ninth Circuit, it may indicate that some small weights are again being placed on the balance opposite the DMCA.

A. *Anti-Circumvention: Universal City Studios, Inc. v. Corley*

Concerned with the potential for mass duplication and infringement made possible by DVD technology in the mid-1990s, several major motion picture studios sought an encryption mechanism to protect their copyrighted works.¹⁴¹ The result, in 1996, was the Content Scramble System (CSS).¹⁴² After securing what they hoped was adequate protection for their films, the studios then arranged, under a comprehensive licensing scheme, to distribute the necessary decryption technology to those DVD player manufacturers who promised to limit their machines' capabilities

¹³⁹ See JOYCE ET AL., *supra* note 11, at 947 ("The prospect remains . . . that courts will be called upon to invent a new exceptional doctrine (as, once upon a time, they invented 'fair use') rooted in constitutional values of free expression and specifically applicable to 'paracopyright.'") (citing David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673 (2000)).

¹⁴⁰ MGM Studios, Inc. v. Grokster, Ltd., 380 F.3d 1154 (9th Cir. 2004).

¹⁴¹ Universal City Studios, Inc. v. Corley, 273 F.3d 429, 436 (2d Cir. 2001).

¹⁴² *Id.*

to merely playing DVDs.¹⁴³ In 1999, Jon Johansen, a teenager in Norway working with two other unidentified individuals, reverse-engineered a licensed DVD player and wrote a decryption program (DeCSS) which allowed them to bypass CSS.¹⁴⁴ The program allowed users to play DVDs on non-compliant players (such as those running the LINUX operating system) and to potentially copy the DVDs onto their hard drive, enabling them to then further copy, manipulate, and transmit the file.¹⁴⁵ Defendant Eric Corley, whose company 2600 Enterprises, Inc. maintained a website geared towards hackers, posted the DeCSS program along with links to other websites containing the program.¹⁴⁶ In response, the movie studios brought an action under Chapter 12 of the DMCA.

The district court entered a permanent injunction against Corley, prohibiting him from posting the program or knowingly linking to it.¹⁴⁷ Judge Kaplan acknowledged that the CSS encryption system could prevent noninfringing uses of copyrighted works, but noted that such was the intent of Congress.¹⁴⁸ “[T]he legislative history,” he wrote, “demonstrates [that] the decision not to make fair use a defense to a claim under section 1201(a) was quite deliberate.”¹⁴⁹ While his assertion regarding legislative intent is debatable,¹⁵⁰ Judge Kaplan may have properly deduced the reality of the legislation; a violation of section 1201(a) occurs regardless of infringement, thus fair use—an affirmative defense to infringement—is inapplicable. Furthermore, Judge Kaplan declined to apply the *Sony* doctrine of substantial noninfringing uses to an action under section 1201.¹⁵¹ The doctrine was appli-

¹⁴³ *Id.* at 436-37.

¹⁴⁴ *Id.* at 437; *see also* Sharp, *supra* note 119, at 47-48 (“The early versions of DeCSS consisted of less than 60 lines of common computer instructions. It has now been reduced to seven lines of instructions in the Perl computer language—small enough to be printed and distributed on a traditional business card.”) (citing Declan McCullagh, *Descramble that DVD in 7 Lines*, WIRED NEWS, Mar. 7, 2001, at <http://www.wired.com/news/print/0,1294,42259,00.html>).

¹⁴⁵ *Corley*, 273 F.3d at 437-38.

¹⁴⁶ *Id.* at 435.

¹⁴⁷ *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 346 (S.D.N.Y. 2000). Following Judge Kaplan’s order, numerous people began distributing DeCSS in other manners such as printing the code on T-shirts, publishing the court documents, putting it in Haikus or setting it to music, and publishing the code in plain English. Sharp, *supra* note 119, at 52.

¹⁴⁸ *Reimerdes*, 111 F. Supp. 2d at 322.

¹⁴⁹ *Id.*

¹⁵⁰ *See supra* notes 126-30 and accompanying text.

¹⁵¹ *Reimerdes*, 111 F. Supp. 2d at 322-23.

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cable to a Copyright Act that was overruled by the DMCA to the extent that there were any inconsistencies, and it did not apply to circumvention violations.¹⁵² The Second Circuit Court of Appeals affirmed Judge Kaplan's decision.¹⁵³

In his defense at the appellate level, Corley alleged that (1) the duration of copyright protection under the DMCA oversteps limits set forth in the Copyright Clause, (2) as applied to his case the DMCA violates the First Amendment because computer code is protected "speech" and the statute fails under the appropriate scrutiny, and (3) "the DMCA violates the First Amendment and the Copyright Clause by unduly obstructing the 'fair use' of copyrighted materials."¹⁵⁴ Specifically, Corley alleged that since he had purchased a legitimate copy of a DVD, he was free to then bypass the digital lock to view the DVD on an alternate format. That is, because he had purchased the DVD, he was not circumventing an access control and was merely circumventing a use control in order to make a fair use. This Comment will explore primarily Corley's third constitutional challenge. As for the first challenge, the court declined to decide the issue, leaving open the possibility that in a future case the "limited times" language of the Copyright Clause may be found in conflict with the potential under the DMCA for perpetual protection through the use of technological measures.¹⁵⁵ Moreover, the second challenge was rejected by the court, which held that, although computer code is in fact protected speech, the regulation was content-neutral and the DMCA passed intermediate scrutiny.¹⁵⁶

The Second Circuit began its analysis of Corley's third challenge by noting that the Supreme Court had never held fair use to be a constitutional requirement, even though many of its statements support such a conclusion.¹⁵⁷ Regardless of this fact, however, the court refused to fully address the issue.¹⁵⁸ First of all, Corley had not claimed to be making fair use of any copyright-protected materials.¹⁵⁹ Second, the evidence regarding the impact of anti-trafficking provisions on users seeking to make fair

¹⁵² *Id.*

¹⁵³ *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 435 (2d Cir. 2001).

¹⁵⁴ *Id.* at 436.

¹⁵⁵ *Id.* at 444-45.

¹⁵⁶ *Id.* at 453-54.

¹⁵⁷ *Id.* at 458.

¹⁵⁸ *See id.*

¹⁵⁹ *Id.* at 458-59.

use was “scanty and fail[ed] adequately to address the issues.”¹⁶⁰ Third, the court could find no authority supporting Corley’s proposition that fair use requires the ability to copy by the optimum method, that is, in digital format.¹⁶¹ Importantly, the court found that the DMCA does not impose a limitation on the ability to make a number of traditional fair uses of DVD movies.¹⁶² One could still criticize their content, quote from them, or even record portions of video or sound by traditional analog means.¹⁶³ The fact that such means would result in a less perfect or less manageable copy was not enough to raise a question as to the constitutionality of the provision.¹⁶⁴

Although the court was quick to reject Corley’s fair use defense, it did so only in regard to the anti-trafficking provisions. Corley did not circumvent the CSS program; he was simply distributing DeCSS over his website. Moreover, the anti-trafficking provisions are arguably inappropriate for a fair use defense because, technically, they are not dealing with copyright. By limiting its holding to the anti-trafficking provisions, the court appeared to be talking past Corley. That is, the court did not decide the issue in regards to a violation of section 1201(a), the anti-circumvention provision, even though Corley had framed his argument around that section. By doing so, the court left the matter open for another day.

In the end, the disjunction between the congressional assertion that fair use remains viable under the DMCA and the fact that a violation occurs even absent infringement (and possibly even when access is lawfully obtained) means courts will likely be addressing the issue of fair use again under the statute. This leaves open the possibility that fair use may yet find its way into the DMCA. Also, the disjunction has not escaped Congress’s attention. Pending legislation, discussed in the next section, demonstrates that some members of Congress are ready to revisit the issue in an attempt to restore balance.

¹⁶⁰ *Id.* at 459 (quoting *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 338 n.246 (S.D.N.Y. 2000)).

¹⁶¹ *Corley*, 273 F.3d at 459.

¹⁶² *Id.*

¹⁶³ One example the court gave was pointing a camcorder at a television screen to record the movie. *Id.*

¹⁶⁴ *Id.*

B. Peer-to-Peer File Sharing

At the time the DMCA was enacted, the recording industry had yet to acquire a leak-proof online format for its works.¹⁶⁵ Refusing to surrender its content to an uncertain environment, the industry instead watched as increasing bandwidth and file-compression technology combined to fuel a surge in online file sharing.¹⁶⁶ The leading format for these works was the popular MP3. Ironically, many of the MP3 files being downloaded and uploaded were those the industry so fiercely wanted to protect, which is to say, its copyrighted songs. Not surprisingly, the recording industry responded by trying to shut down anything MP3-related.¹⁶⁷ Anyone using the format was a target. The industry went after the manufacturer of the portable Rio MP3 player, for example, even before the product was available.¹⁶⁸ Yet when the Ninth Circuit declared the case against Rio meritless and held that the device merely allowed space-shifting, which was a permissible fair use under the Copyright Act,¹⁶⁹ the stage was set for the proliferation of peer-to-peer systems.

The most successful of the initial peer-to-peer systems was, of course, Napster. With over seventy million users at its peak,¹⁷⁰ Napster raised more than a few eyebrows; clearly copyrighted works were being shared over its system. But there was a hitch: Napster did not make copies of any copyrighted works on any of its servers.¹⁷¹ Instead, it merely received requests from users, searched its index for a match, and if a match was found, connected the two computers.¹⁷² For this reason, the action against Napster (and later other peer-to-peer systems) was based on contributory infringement and vicarious liability.¹⁷³

To be liable for contributory or vicarious infringement, there must be actual infringement.¹⁷⁴ Thus, as a threshold matter, a

¹⁶⁵ JESSICA LITMAN, *The Copyright Wars*, in DIGITAL COPYRIGHT, *supra* note 4, at 154.

¹⁶⁶ *Id.* at 154-55.

¹⁶⁷ *Id.*

¹⁶⁸ See Recording Indus. Assoc. of Am. v. Diamond Multimedia Sys. Inc., 180 F.3d 1072, 1073 (9th Cir. 1999).

¹⁶⁹ *Id.* at 1079, 1081.

¹⁷⁰ David G. Post, *His Napster's Voice*, in COPY FIGHTS, *supra* note 4, at 107.

¹⁷¹ A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1012 (9th Cir. 2001).

¹⁷² This is an extremely simplified explanation of the process. For more detail, see Judge Beezer's opinion. *Id.*

¹⁷³ *Id.* at 1019.

¹⁷⁴ See *id.* at 1019-20.

plaintiff must first show ownership of a valid copyright, and second, that a defendant violated one of the exclusive rights of section 106.¹⁷⁵ Once actual infringement is shown, a plaintiff must, to succeed on a claim of contributory infringement, show that a defendant (1) knew or had reason to know of the direct infringement, and (2) induced, caused, or materially contributed to it.¹⁷⁶ On the other hand, to be found vicariously liable for copyright infringement a defendant need not have knowledge of the infringing activity.¹⁷⁷ Vicarious infringement is shown if the defendant (1) had the right and ability to supervise the infringing activity, and (2) received direct financial benefit from it.¹⁷⁸

1. *Early-Generation File Sharing: A&M Records, Inc. v. Napster, Inc.*

Created in 1999 by a college freshman in his dorm room, Napster grew to more than twenty million members in under two years. By July 2000 it was attracting more visitors than the websites of ESPN, Disney, MSNBC, and Priceline.¹⁷⁹ College students and others were sharing music over the Internet in astounding numbers. Predictably, the recording industry, along with artists like Metallica and Dr. Dre, sought an immediate injunction, alleging Napster was liable for contributory and vicarious infringement. The district court granted the motion.¹⁸⁰

In upholding the district court’s decision, the Ninth Circuit made reference to the architecture of Napster’s system in order to promote an understanding of the general mechanics involved.¹⁸¹ For that same reason, a basic description is useful here. In short, to use Napster’s system a user had to download the MusicShare software available at Napster’s website, register with the system, and create a user name and password.¹⁸² Many of Napster’s users also created a “user library” on their hard drive which stored MP3 files that would be accessible to other

¹⁷⁵ 17 U.S.C. § 106 (2000).

¹⁷⁶ *Napster*, 239 F.3d at 1019-20.

¹⁷⁷ *MGM Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029, 1043 (C.D. Cal. 2003).

¹⁷⁸ *Napster*, 239 F.3d at 1022 (quoting *Gershwin Publ’g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

¹⁷⁹ Sharp, *supra* note 119, at 55.

¹⁸⁰ *A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896, 927 (N.D. Cal. 2000).

¹⁸¹ *Napster*, 239 F.3d at 1011-13.

¹⁸² *Id.* at 1011.

users.¹⁸³ When a user logged onto the system, the MusicShare software searched his or her user library for properly formatted MP3 files and uploaded the names of those files onto the Napster servers where they became part of a collective directory of available files.¹⁸⁴ By entering either a song name or the name of an artist, users could search the Napster directory. To transfer files, the Napster server would then essentially connect the two users' computers, without any of the content ever being stored on Napster's servers.¹⁸⁵ Despite not storing the files themselves, Napster did have the ability to block individual users or files from the system.¹⁸⁶

On appeal, Napster essentially acknowledged that some copyrighted works were being traded, but claimed that its users were making fair uses of the works by either sampling, space-shifting, or engaging in permissive uses.¹⁸⁷ The court disagreed, relying in part on the district court's analysis of the four factors from section 107.¹⁸⁸ First, continuous exploitive copying was a commercial use, regardless of whether Napster received direct financial benefit.¹⁸⁹ Second, when considering the fourth fair use factor, the potential harm to the market, both present and future markets should be considered.¹⁹⁰ The lack of a current market cannot deprive copyright owners of the ability to create alternative markets.¹⁹¹ Further, the court rejected Napster's claim that sampling was a fair use.¹⁹² Regardless of whether sampling had actually increased CD sales, it still deprived the copyright owner the right to license the material.¹⁹³ Similarly, Napster's space-shifting argument failed because its users were not merely making private copies, but were simultaneously distributing the file to millions of potential users.¹⁹⁴ In this way, the court distinguished

¹⁸³ *Id.* at 1011-12.

¹⁸⁴ *Id.* at 1012.

¹⁸⁵ *Id.*

¹⁸⁶ *MGM Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029, 1044 (C.D. Cal. 2003).

¹⁸⁷ *Napster*, 239 F.3d at 1014.

¹⁸⁸ *Id.* at 1019.

¹⁸⁹ *Id.* at 1015.

¹⁹⁰ *Id.* at 1017.

¹⁹¹ *Id.*

¹⁹² *Id.* at 1019.

¹⁹³ *Id.* at 1018. The court noted the example of a film producer's using an unknown song without permission. *Id.* Despite the fact that the song becomes a commercial success for its composer, the producer's use was still not fair. *Id.*

¹⁹⁴ *Id.* at 1019.

both the *Diamond* case regarding the Rio MP3 player and *Sony*, both of which allegedly involved only private copying for personal use.¹⁹⁵

After determining that Napster's users did not have a fair use defense, the court went on to consider whether Napster was liable for contributory or vicarious infringement. In regard to contributory infringement, the court again referred to the *Sony* decision, but found it unhelpful for Napster.¹⁹⁶ While the court refused, in light of *Sony*, to impute the necessary level of knowledge to Napster merely because its system was capable of infringing uses, and while it disagreed with the district court's finding that Napster failed to show substantial noninfringing uses, the court nevertheless held that Napster had actual knowledge of the infringing activity coupled with the ability to stop it.¹⁹⁷ Thus, Napster could be held liable for contributory infringement because it knew of the infringement and materially contributed to it by providing the space and facilities.¹⁹⁸

The court also held that the plaintiffs had shown a likelihood of success on the merits regarding Napster's vicarious infringement.¹⁹⁹ The "staple article of commerce" analysis from *Sony* did not apply to claims of vicarious infringement.²⁰⁰ Although the Supreme Court had used the terms contributory and vicarious liability interchangeably, its analysis, the Ninth Circuit reasoned, was applicable only to contributory infringement.²⁰¹ Vicarious liability had not been an issue before the Court.²⁰² With *Sony* out of the way, the court went on to assess Napster's supervision and financial benefit.²⁰³ Napster received direct fi-

¹⁹⁵ *Id.*

¹⁹⁶ *Id.* at 1020.

¹⁹⁷ *Id.* at 1020-22.

¹⁹⁸ *Id.* at 1022.

¹⁹⁹ *Id.* at 1024.

²⁰⁰ *Id.* at 1022.

²⁰¹ *Id.* at 1022-23. The court's reasoning on this point is debatable. In fact, forty intellectual property and technology law professors believe the court's position is unsupported. See Brief Amici Curiae of Forty Intellectual Property and Technology Law Professors Supporting Affirmance at 2-3 n.2, *MGM Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029 (C.D. Cal. 2003) (No. 03-55894, 03-56236 & 03-55901). The Ninth Circuit cited Nimmer's copyright treatise when limiting *Sony* to contributory infringement, yet the treatise does not support such a conclusion. Moreover, that the Supreme Court used contributory and vicarious infringement interchangeably in *Sony* means the decision should apply to both.

²⁰² *Napster*, 239 F.3d at 1022.

²⁰³ *Id.* at 1023-24.

nancial benefit because its revenues were tied to the amount of users trading files, and the availability of copyrighted works attracted customers.²⁰⁴ Moreover, because Napster had the ability to block infringing files, it was required to do so to the fullest extent, and failure to police its “premises” meant Napster was vicariously liable.²⁰⁵

As for the DMCA, the court brushed aside the issue of whether Napster was sheltered by one of the safe harbor provisions in section 512, yet expressly left the possibility open.²⁰⁶ The issue, the court noted, would be more developed at trial.²⁰⁷ Questions remained as to whether Napster qualified as an Internet service provider, whether copyright owners must serve official notice, and whether Napster met the requirement of establishing a detailed compliance policy.²⁰⁸ Still, despite its relatively small stage time in the court’s decision, the DMCA undoubtedly had an effect. This is because the DMCA, as least as it has been thus far interpreted, marked a shift in copyright policy; the priority of the law is not so much to balance competing interests as it is to protect copyright owners, at least in respect to digital works. Under the DMCA there are content owners and there are pirates, and the law has, of course, historically disfavored the latter.²⁰⁹

2. *Current File-Sharing Litigation: MGM Studios, Inc. v. Grokster, Ltd.*

In March 2005, the Supreme Court heard oral arguments in another peer-to-peer controversy, *MGM Studios, Inc. v. Grokster, Ltd.*²¹⁰ As of this writing the Court has not released its opinion, but if the Supreme Court affirms the Ninth Circuit’s decision affirming the district court’s granting of partial summary judgment in favor of Grokster, it may revitalize the *Sony* doc-

²⁰⁴ *Id.* at 1023 (citing *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 263-64 (9th Cir. 1996)).

²⁰⁵ *Id.*

²⁰⁶ *Id.* at 1025 (“We need not accept a blanket conclusion that § 512 of the Digital Millennium Copyright Act will never protect secondary infringers.”).

²⁰⁷ *Id.*

²⁰⁸ *Id.*

²⁰⁹ One of Disney’s newer productions, *Pirates of the Caribbean* (2003), illustrates the point: Johnny Depp, like all pirates, is a much-reviled scallywag.

²¹⁰ Oral Argument, *MGM Studios, Inc. v. Grokster, Ltd.*, available at http://www.supremecourtus.gov/oral_arguments/argument_transcripts/04-480.pdf (last visited Apr. 19, 2005).

trine for the digital age and mark a subtle victory for users everywhere.

Grokster involved three defendant file-sharing services, Grokster, StreamCast, and KaZaa, whose cases were consolidated for pretrial purposes.²¹¹ The defendant's file-sharing systems, while similar in some respects, are not identical. Grokster utilizes FastTrack technology (which it licenses from another company) that is conceptually similar to Napster, yet Grokster has no access to the source code and cannot change the application.²¹² Nor does Grokster utilize a centralized server like Napster.²¹³ Instead, the program is based on a system of nodes and supernodes which operate independently of Grokster's control.²¹⁴ Unlike Napster, then, Grokster's users can share files without sending any information through any computers owned by Grokster.²¹⁵ StreamCast's Morpheus technology is even more decentralized than Grokster's and is based on the open-source Gnutella platform.²¹⁶ Rather than using supernodes, the Gnutella software connects users directly; search queries are passed from user to user until a match is found.²¹⁷ As a proprietary system, however, StreamCast can access the source code and modify its software.²¹⁸

The differences between the Grokster and StreamCast systems and the Napster system were sufficient to preclude liability for contributory and vicarious infringement in the district court. The court began its analysis by noting that the direct infringement element of both vicarious and contributory liability was satis-

²¹¹ *MGM Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029, 1032 (C.D. Cal. 2003). KaZaa stopped defending the action and the district court entered a default judgment against it. Thus, the decision addresses only Grokster and StreamCast. *Id.* at 1032 n.2.

²¹² *Id.* at 1039-40.

²¹³ *Id.* at 1039.

²¹⁴ "A 'node' is an end-point on the Internet, typically a user's computer. A 'supernode' is a node that has a heightened function, accumulating information from numerous other nodes." *Id.* at 1040. When users start their program, their computer searches out a supernode; this process results in a cluster of nodes around a supernode. *Id.*

²¹⁵ *Id.*

²¹⁶ *Id.* at 1041. On the same day oral arguments were heard in the case, StreamCast released another version of the Morpheus software which operates on both the FastTrack and Gnutella networks. See Kevin Doran, *Morpheus Wakes . . . & Stretches* (Feb. 6, 2004), at <http://kevindoran.com/denews/news/n040206.html> (on file with author).

²¹⁷ *Grokster*, 259 F. Supp. 2d at 1041.

²¹⁸ *Id.*

fied.²¹⁹ There was no dispute as to whether some users of defendants' software were trading copyrighted works.²²⁰ To be liable for contributory or vicarious infringement, therefore, defendants needed only to have fit the remaining elements of those claims.

For contributory infringement, the defendants must have known of the infringing activity and materially contributed to it.²²¹ Following *Sony*, the court stated that knowledge of infringing activity must be actual, not constructive.²²² Simply because a device is capable of infringing uses does not mean the manufacturer of the device is liable for infringement.²²³ Further, the court emphasized a temporal limitation on the knowledge and material contribution requirements—that a defendant must have actual knowledge of infringement during a time when the defendant can do something about it.²²⁴ For example, a landlord is not liable for the infringing acts of tenants unless the landlord knew at the time the lease was signed that the premises would be used for infringing activities.²²⁵ In the same way, *Grokster* and *StreamCast* could not be held liable for contributory infringement because neither had done anything to facilitate their users' infringing activities, save providing the software, and neither could do anything to stop the infringing activities at the time they were taking place.²²⁶

The court also held that the defendants were not vicariously liable for their users' infringing activities.²²⁷ Although both *Grokster* and *StreamCast* received substantial financial benefit from the acts of their users, the first element of vicarious infringement, they did not have the right and ability to supervise their users' infringing conduct.²²⁸ *Napster's* users had been required to register with the system, giving *Napster* the ability to block infringing users or files. As such, *Napster* had a duty to

²¹⁹ *Id.* at 1035.

²²⁰ *Id.* at 1034-35.

²²¹ *Id.* at 1035.

²²² *Id.* at 1036.

²²³ The court accepted that defendants' software was capable of substantial noninfringing uses under *Sony*. *Id.* at 1035.

²²⁴ *See id.* at 1036.

²²⁵ *Id.* at 1037 (citing *Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc.*, 907 F. Supp 1361, 1373 (N.D. Cal. 1995)).

²²⁶ *Id.* at 1041-42.

²²⁷ *Id.* at 1045-46.

²²⁸ *Id.* at 1045.

police its users.²²⁹ Grokster and StreamCast, on the other hand, had no ability to police their users; their decentralized peer-to-peer systems essentially relieved them of the duty, and precluded their being held vicariously liable.²³⁰ Although the district court acknowledged the distinct possibility that Grokster and StreamCast had intentionally structured their systems to avoid secondary liability, it reasoned that the proper forum for such considerations was the legislature.²³¹

Like the district court, the Ninth Circuit was also concerned with the application of the *Sony* doctrine to digital technologies. Indeed, at oral arguments before the Ninth Circuit, Judge Noonan came right out questioning the recording industry’s attorneys: “Everything you said could have been applied to Sony,” he said, “so what’s the difference?”²³² Reports indicate that the judges continued emphasizing the *Sony* decision throughout the proceeding, with responses from the recording industry’s lawyers sounding eerily reminiscent of the motion picture industry’s lawyers.²³³ For example, Russell Frackman, attorney for the recording industry, argued that peer-to-peer software creators should have teamed up with the recording industry to install technological protections against infringement.²³⁴ Compare that statement with the motion picture industry’s lawyer in *Sony*, who said: “The real way for Sony to have avoided this problem would have been to cooperate with the copyright owners in devising technology which would allow the broadcaster to jam the video recorder from copying.”²³⁵ Essentially, the arguments from the recording industry mirrored those put forth in *Sony*. The question before the court, therefore, was really whether *Sony* would continue to be applicable in a digital world.

In responding to that question, the Ninth Circuit agreed with

²²⁹ *See id.*

²³⁰ *Id.* at 1045-46.

²³¹ *Id.* at 1046.

²³² Oral Argument, *MGM, Inc. v. Grokster, Ltd.*, 380 F.3d 1154 (2000), available at <http://www.groklaw.net/article.php?story=20040823002045984> (last visited Feb. 25, 2005); see also Ren Bucholz, *Betamax: Back to the Future*, LAWMEME, Feb. 10, 2004 (on file with author), at <http://research.yale.edu/lawmeme/modules.php?name=News&file=article&sid=1324>.

²³³ See, e.g., Bucholz, *supra* note 232.

²³⁴ *Id.*

²³⁵ Oral Argument, *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), available at <http://www.oyez.org/oyez/resource/case/768/audioresources> (last visited Feb. 24, 2005); see also Bucholz, *supra* note 232.

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the district court, noting that “[a]ny examination of contributory copyright infringement must be guided by . . . *Sony*.”²³⁶ The court emphasized that the defendants had not only shown that their peer-to-peer systems were capable of substantial noninfringing uses, as required by *Sony*, but had also shown that those uses had commercial viability.²³⁷ For that reason, the defendants could not be liable for constructive knowledge of infringement and MGM would have to prove, instead, that defendants had specific knowledge of infringement at a time they could do something about it.²³⁸ Because of the decentralized structure of their systems, however, neither Grokster nor StreamCast could control their users’ infringing activities. Accordingly, neither could be held liable for contributory infringement.²³⁹

The Ninth Circuit also agreed with the district court that defendants were not liable for vicarious infringement. Only the third element of vicarious infringement, the right and ability to supervise the infringers’ activity, was at issue since the existence of both direct infringement and direct financial benefit was undisputed.²⁴⁰ Here, again, the Ninth Circuit pointed to the decentralized structure of defendants’ systems to demonstrate that defendants lacked any supervisory capability.²⁴¹ Defendants could not block access to individual users or filter their content because all files were stored on the individual users’ computers, not on any of defendants’ servers. “[A] duty to alter software and files located on one’s own computer system,” the court noted, “is quite different in kind from a duty to alter software located on another person’s computer.”²⁴² Moreover, the court struck down MGM’s argument that, because defendants had profited from turning a “blind eye” to their users’ infringing activities, the court should hold them vicariously liable.²⁴³ No such independent theory of vicarious liability exists.²⁴⁴

One of the primary purposes of the DMCA, as elucidated in the White Paper, was to ensure that content providers would

²³⁶ *MGM Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154, 1160 (9th Cir. 2004).

²³⁷ *Id.* at 1162.

²³⁸ *Id.*

²³⁹ *Id.* at 1164.

²⁴⁰ *Id.*

²⁴¹ *Id.* at 1165.

²⁴² *Id.* at 1166.

²⁴³ *Id.*

²⁴⁴ *Id.*

continue putting their material on the Internet.²⁴⁵ Copyright-rich industries fought hard to ensure that the DMCA would achieve this goal by ensuring that the law came down strongly in favor of authors' rights. Consequently, case law, even when not dealing with provisions of the DMCA, has tended to ensure broad protection to copyright owners, even at the expense of limiting sound policies like that of *Sony*. By not granting the motion picture industry's request to ban videocassette technology, the Supreme Court in *Sony* paved the way for technological advances that worked to the benefit of all involved—the movie industry and public alike.²⁴⁶ Twenty years later, the same battle is again being fought. A success for Grokster and StreamCast in the Supreme Court will, like *Sony*, mark a significant victory for all parties involved, even those for whom it may not immediately be apparent.

V

CURRENT LEGISLATIVE PROPOSALS

The imbalance created by the DMCA has not gone unnoticed. Pending legislation before the 108th Congress speaks to some of the very concerns enumerated in this Comment. House Bill 1066, for example, is designed to maintain copyright's traditional balance in the digital age by "prevent[ing] and punish[ing] digital pirates without treating every consumer as one."²⁴⁷ Other proposals similarly seek to restore the historic balance between public and private interests.²⁴⁸ Unfortunately, still other proposed bills seek to expand the rights of copyright owners even further.

House Bill 1066, appropriately titled the "BALANCE Act" or "Benefit Authors without Limiting Advancement or Net Consumer Expectations Act of 2003," was introduced by Congresswoman Zoe Lofgren of California.²⁴⁹ As its name suggests, the bill would attempt to restore balance by amending the DMCA in

²⁴⁵ See *supra* note 101 and accompanying text.

²⁴⁶ The motion picture industry now earns more money from video rentals and sales than from theatrical releases. Moreover, the public now has greater access to a wider selection of works. Apparently the public has found the pricing structure for video rentals and sales acceptable enough to shy away from widespread piracy. See JOYCE ET AL., *supra* note 11, at 786.

²⁴⁷ Benefit Authors without Limiting Advancement or Net Consumer Expectations Act of 2003, H.R. 1066, 108th Cong. § 2(9) (2003).

²⁴⁸ See, e.g., Digital Media Consumers' Rights Act of 2003, H.R. 107, 108th Cong. (2003).

²⁴⁹ See H.R. 1066.

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light of the historic purposes of copyright law.²⁵⁰ The bill would acknowledge that the DMCA has been interpreted contrary to Congress's intent by prohibiting *all* users from circumventing technological controls, rather than only restricting users who circumvent to make infringing uses. As a result, the bill would amend the DMCA to specifically permit fair use to make archival copies of digital works or to privately perform or display the work on a digital media device.²⁵¹ Further, noninfringing uses of digital works would be permitted, as would disseminating the technological means to make noninfringing uses.²⁵² The BALANCE Act would also affirm the applicability of the first sale doctrine to digital works.²⁵³

Another piece of legislation, introduced in the 108th Congress by Representative Rick Boucher, similarly seeks to restore the fair use doctrine under the DMCA. House Bill 107, or the "Digital Media Consumers' Rights Act of 2003," would amend section 1201 of the DMCA to ensure that it was not a violation "to circumvent a technological measure in connection with access to, or the use of, a work if such circumvention does not result in an infringement of the copyright in the work."²⁵⁴ Moreover, the bill would codify the *Sony* doctrine, ensuring its applicability to the digital world by making it legal to manufacture or distribute hardware or software products capable of enabling significant noninfringing uses.²⁵⁵ In addition, the bill would amend the Federal Trade Commission Act, making the sale of copy-protected CDs that were not so labeled an unfair method of competition and deceptive practice.²⁵⁶

House Bill 1066 and House Bill 107 are direct attempts to grant back some of the traditional rights the public enjoyed under copyright law. In that sense they reaffirm the statutory grant theory of copyright—that authors should be rewarded with a monopoly only so extensive as to encourage additional creation. But other legislation pending before Congress would lend more support to the authors' rights theory of copyright. House Bill 2752 would establish criminal penalties for placing copy-

²⁵⁰ *Id.* § 2(9).

²⁵¹ *Id.* § 3(b)(1).

²⁵² *Id.* § 5.

²⁵³ *Id.* § 4.

²⁵⁴ H.R. 107, 108th Cong. § 5(b)(1) (2003).

²⁵⁵ *Id.* § 5(b)(2).

²⁵⁶ *Id.* § 3.

righted works on computer networks, helping to reinforce the copyright owner's ability to control all access to the work.²⁵⁷ In addition, House Bill 2517, the "Piracy Deterrence and Education Act of 2003," would, among other things, give the FBI the power to make copyrighted works available on the Internet for purposes of issuing warnings to unsuspecting downloaders.²⁵⁸

Whether any of these bills will ever get out of committee is anyone's guess. Still, their introduction is informative. That twenty-four members of Congress joined Representative Boucher as co-sponsors of a bill to reinvigorate the fair use doctrine for digital works,²⁵⁹ for example, shows that even if the bill dies, the debate will likely continue. Since the enactment of the DMCA, users' rights groups like the Electronic Frontier Foundation, whose attorneys argued the case for Grokster in the Supreme Court, have steadily grown in size, power, and influence. It is not unreasonable to think that the result of such a trend will eventually lead to changes in copyright law favoring the general public. In other words, users' rights groups may eventually join other copyright industries at the bargaining table when hashing out further changes to copyright law.

CONCLUSION

In a short blurb in the February 23, 2004 edition of the *National Review*, an editor posed the question: Does art progress?²⁶⁰ After reflecting on the discovery of Ice Age sculptures in a cave at Tuebingen, creations which, although crafted with crude instruments, were quite beautiful, the answer given was "no."²⁶¹ That the sculpture's creators demonstrated a somewhat refined interpretive aesthetic sense was evidence that art existed in a linear space. After all, who is better than Shakespeare?²⁶² Of course, just because one can believe Shakespeare is the greatest writer in the Western tradition does not mean that art does not progress. Take away the works of Ovid and Chaucer and do

²⁵⁷ Author, Consumer, and Computer Owner Protection and Security Act of 2003, H.R. 2752, 108th Cong. § 301 (2003).

²⁵⁸ H.R. 2517, 108th Cong. § 3 (2003).

²⁵⁹ Cosponsors of H.R. 107, Bill Summary & Status for the 108th Congress, at <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:HR00107:@@@P> (last visited Mar. 30, 2005).

²⁶⁰ *The Week*, NAT'L REV., Feb. 23, 2004, at 12.

²⁶¹ *Id.*

²⁶² *See id.* (claiming that Shakespeare and Dante are generally thought the finest poets in the Western tradition).

you have Shakespeare's *The Rape of Lucerne*? Take away commedia dell'arte and does Shakespeare write *The Comedy of Errors*? The list of Shakespeare's influences is extensive, and the list of those who have since been influenced by Shakespeare's works is even longer. Artists do incorporate, learn from, avoid, study, and, yes, copy other artists' works. In this way art has progressed through the centuries, hence the Founder's stated goal for copyright—to promote the *progress* of useful arts. A necessary prerequisite to such progression is, of course, access to other works.

The debate over how copyright law should apply to a digital world is really just beginning. After all the Internet, at least as we think of it today, is only about fifteen years old,²⁶³ and peer-to-peer file sharing really only came to mainstream attention in the last five or six years. But it is critical that the debate continue. A 2002 study showed that the core copyright industries—recorded music, television, movies, and books—accounted for 5.24% of the U.S. Gross Domestic Product (\$535.1 billion).²⁶⁴ Moreover, copyright industries continue to grow and create jobs at a higher rate than the rest of the economy.²⁶⁵ From 1977 to 2001, for example, copyright employment grew from 3.3% of the U.S. workforce to 5.9%.²⁶⁶ The United States is now the world's largest net exporter of intellectual property by far, a trend that is unlikely to change anytime soon.²⁶⁷ What all this means is that copyright issues will continue to be at the forefront for some time. Given the importance of copyright in the United States, Congress needs to take an active role in monitoring whether the laws are serving their proper function and achieving balance.

For now there is no reason to dismiss the manner in which Congress has elected to handle the development of copyright law. Indeed, in what has become such a highly technical area it makes sense to allow those with the expertise, and those who will most directly be affected by the laws, to have a hand in their

²⁶³ The prevalence of Internet usage has grown exponentially in that time. In 1995, approximately nine percent of adults in the United States were online, while in 2002 that number had grown to sixty-six percent. See Robyn Greenspan, *Two-Thirds Hit the Net*, Apr. 17, 2002, at http://www.clickz.com/stats/big_picture/geographics/article.php/5911_1011491.

²⁶⁴ STEPHEN E. SIWEK, COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY: THE 2002 REPORT 3 (2002).

²⁶⁵ *Id.* at 4.

²⁶⁶ *Id.*

²⁶⁷ See JOYCE ET AL., *supra* note 11, at 2.

development. Yet Congress, as the representative of the public, should not hand over the reins completely. Congress needs to maintain a steady gaze over the conclusions and proposals arising out of the various copyright industries' private negotiations to ensure that those industries do not tread too far on the public's traditional right to access and use copyrighted works. The digital revolution is fraught with peril, to be sure, but it is also ripe with possibility. There is room for everyone.