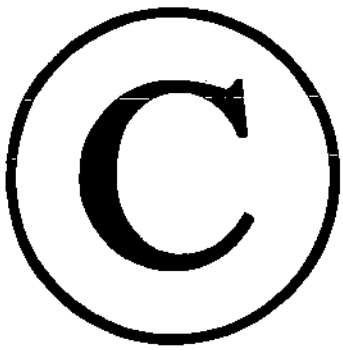
Journal

of the

Copyright Society

of the USA



JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A.
(formerly BULLETIN OF THE COPYRIGHT SOCIETY OF THE U.S.A.)

Published by the Copyright Society of the U.S.A. All inquiries regarding membership should be addressed to Barbara Pannone, The Copyright Society of the U.S.A., 1133 Avenue of the Americas, New York, N.Y. 10036. Tel: (212)354-6401; Fax: (212)354-2847; e-Mail barpan@interport.net; website - http://www.csusa.org. Manuscripts submitted should be addressed to "The Editor". A copy of the manuscript on a computer diskette formatted for Word Perfect or MS Word should accompany the written manuscript.

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The JOURNAL OF THE COPYRIGHT SOCIETY OF THE U.S.A. is published quarterly. The Society is located at 1133 Avenue of the Americas, New York, N.Y. 10036; Michael J. Pollack, *President*; Robert J. Bernstein, *Vice President*; Maria A. Danzilo, *Treasurer*; Philip M. Cowan, *Secretary*; Donna DeGrandi, *Assistant Treasurer*; Helene Blue, *Assistant Secretary*.

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SUBSCRIPTIONS: *Institutional Libraries* (Academic, Public and Governmental) $50. Additional copies of the JOURNAL for all members at same address $50.

Business correspondence regarding subscriptions, bills, etc. should be addressed to Barbara Pannone at the Society.

CITE: 47 J. COPR. SOC'Y, page no., . . . (2000).

FROM THE DESK OF THE EDITOR-IN-CHIEF

Welcome to the Millennium Volume of the *Journal of the Copyright Society of the U.S.A.* To celebrate the Millennium's arrival, the *Journal* has departed from its customary practice of publishing a volume in four separate issues. Volume 47 is presented in a single, hard-cover issue.

As a central theme, it seemed an appropriate time to "take stock" of copyright: a time to look back on copyright's past and to look to its future. Some of the articles in this volume examine the past, others look at the future and some "Janus-faced" (to borrow from contributor Paul Edward Geller) look at the past for guidance as to the future.

The *Journal* is honored that Congressman Howard Coble, Chairman, Subcommittee on Courts and Intellectual Property, Committee on the Judiciary has contributed to the Millennium Volume. In *Copyright's Past and Its Application to Copyright's Future*, Congressman Coble describes the copyright actions taken in the 106th Congress, actions that "build on the past and point to future changes as well."

In *Copyright Duration at the Millennium*, Professors Robert L. Bard and Lewis Kurlantzick discuss "the question of an increased term both for its own sake and to contribute to the effort to provide a sound intellectual and public policy framework for analyzing copyright issues." They argue that "recent advocates of a major increase in the term have made no serious attempt to prove that the prior level of protection failed to provide sufficient incentives in terms of an optimum level of creation and dissemination of intellectual and artistic products." They ultimately suggest that the "copyright term should be shortened rather than lengthened."

The Development of Internet Education and the Role of Copyright Law by Ryan Craig is at once both fascinating and at the same time disturbing. Mr. Craig, Vice President of Business Development at Fathom, a company formed to launch a site for knowledge and education on the web, states that "Internet learning promises to put distance education at the center of U.S. higher education." In his article, he explores the potential impact on so-called "non-elite" universities of distance learning curricula of "elite" universities. He examines the threat to the academy of commercial distance learning companies. He also examines the tensions created between academic institutions that fund the development of distance learning curricula and the professors who actually create the courses as to

ownership of copyright. Copyright ownership has implications not only as to economic interests but, very importantly — in terms of academic freedom — control of content. While this article will be of particular interest to those in academe, it should be of interest to anyone concerned about the future of higher education.

The *Journal* is including one article that had originally been published twenty-five years ago — in the *Bulletin of the Copyright Society of the U.S.A.*, as the *Journal* was then known. The passage of a quarter of a century has not dimmed the relevancy of the article by Francine Crawford entitled *Pre-Constitutional Copyright Statutes*. The occasion of the Millennium Volume seems an appropriate time to re-publish the article which deals with the enactment by twelve of the thirteen newly independent colonies of copyright statutes in the period between January 1783 and April 1786. I was particularly aware of this article because Ms. Crawford was a student in the very first copyright course I taught. Herman Finkelstein, the Director of the Nathan Burkan Memorial Competition, had recommended the article to the *Bulletin* for publication. On a personal note, in 1975, I would not have believed a prognostication that a quarter of a century later I would be the Editor-in-Chief of this very special *Journal*. Life is full of surprises!

"Although not everyone agrees that the move from copyright to contract is on the whole a bad thing, few seem to doubt that we are headed in that direction" writes Professor Robert C. Denicola in *Mostly Dead? Copyright Law in the New Millenium*. He argues that the Digital Millennium Copyright Act (DMCA) "gives owners the chance to regulate access and use through contract" and that "Private agreements that determine the terms and conditions of use do not threaten federal copyright policy — they *are* federal copyright policy." He concludes that traditional copyright law "may be mostly dead in the wake of the DMCA" but "will no doubt remain as a convenient if redundant alternative to breach of contract" and might even "survive in a more robust form if the public ultimately demands that Congress reassert its authority to oversee the public interest."

Attorney Paul Edward Geller seeks to "prompt thought about future copyright lawmaking" in *Copyright History and the Future: What's Culture Got to Do with It?* He reaches back into the past surveying "pre-copyright regimes up to 1710, the classic copyright regime through 1886; and the global copyright regime to the present," and then frames "a few issues for the near future of copyright" and asks "how, in resolving these issues, to achieve copyright aims."

In *International Copyright: From a "Bundle" of National Copyright Laws to a Supranational Code?,* Professor Jane C. Ginsburg states that, "There is reason to doubt that the nation states that comprise the Berne Union, the World Trade Organization and beyond can 'separately make effectual provision for the protection of authors' rights. Yet 'international copyright,' in the sense of a uniform law binding all nation states does not exist." Professor Ginsburg first considers "the displacement of national norms through the evolution of a de facto international copyright code," then addresses "the place that remains for national copyright norms" and, finally, considers "what role *should* remain for national copyright laws" in an era of international trade.

The *Journal* is honored to include in the Millennium Volume the First Annual Christopher A. Meyer Memorial Lecture, *Copyright Conflicts on the University Campus* delivered by Professor Robert A. Gorman. Professor Gorman examines "the heightened importance of copyright, and the emergence of conflicting copyright interests, on university campuses throughout the United States." He explores "(1) the unauthorized distribution through the internet of university student classnotes posted there on commercial websites; (2) the emergence of distance education using digital technologies as a powerful new force in American universities; and (3) the possible impact upon higher education of the rapidly developing Supreme Court jurisprudence relating to sovereign immunity." Professor Gorman's and Ryan Craig's articles demonstrate that strong breezes are buffeting the ivy-covered walls of higher education.

In *Copyright at the Supreme Court: a Jurisprudence of Deference*, Professor Marci A. Hamilton assesses "how copyright law has been interpreted by the United States Supreme Court since the first copyright case, *Wheaton v. Peters*." The article "addresses three themes manifest in the Supreme Court's cases." Professor Hamilton writes that "the Court's cases, especially in the eighteen and nineteenth centuries are dominated by thin explanation of the purposes of copyright law and an extreme deference to Congress. "Second," she writes "the Court's cases do not reveal a theory that is centered on natural law . . . but rather emphasizes the public purposes identified in the Copyright Clause." "Finally," Professor Hamilton opines that "the Court has embarked upon an emerging constitutional interpretation of copyright law that has the potential to transform the Court's role in Copyright analysis . . . to one in which the Court plays an active role in holding the Congress to the Constitution's limitations."

Professor L. Ray Patterson brings his particular expertise on the history of copyright to bear in *Understanding the Copyright Clause* which examines "the copyright clause in the light of its history." He writes that his

thesis is threefold — "First the copyright clause contains three fundamental copyright policies: Copyright is to promote learning in order to preclude copyright censorship; copyright is to protect and enhance the public domain; and copyright is to ensure public access to copyrighted material. Second, these policies have been obscured by the dual theoretical basis of copyright .... Third, copyright as an author's common law or natural law right is a primitive copyright because it is a perpetual property right that is devoid of any duties."

The final article might be retitled *Perles of Wisdom*. E. Gabriel Perle ("Gabe" to one and all), a past president of the Society, takes a "reflective look at the copyright world, copyright law and the Copyright Society" during the *fifty years* he has practiced in the copyright field. *Copyright Law and The Copyright Society of the U.S.A., 1950-2000* is a delightful read. He is truly the "Charles Dickens" of the Society.

I want to thank the authors who contributed to the Millennium Volume. I also want to thank Barbara Pannone for her outstanding administrative support of the *Journal* and Bill Manz for his dedication as Technical Editor. Finally, I want to thank St. John's University School of Law for providing logistic support to the *Journal.*

As always your comments are welcome: ph: 718-990-6005; Fax 718-990-6649; e-mail jbeard@sjulawfac.stjohns.edu.

Joseph J. Beard
Editor-in-Chief

THE PRESIDENT'S MESSAGE

It is my great pleasure to welcome you to the Millennium Volume of the *Journal of the Copyright Society of the U.S.A.* The *Journal* has been a focus of the Society since its inception and remains an integral part of the Society's present and future.

To commemorate the Millennium, the Copyright Society of the U.S.A. invited a stellar cast of practitioners and professors to contribute to this special volume. The collection of articles provides the reader with a reminder of copyright's rich history and a vision of its exciting future, a future that provides challenges to all who toil in copyright's fields.

The Society is particularly pleased that the Honorable Howard Coble, Chairman, the House of Representatives Subcommittee on Courts and Intellectual Property, has graced the Millennium Volume with his reflections on copyright.

I want to thank Editor-in-Chief, Professor Joseph J. Beard, and Technical Editor, William H. Manz, for their long hours and dedicated efforts, and all the authors for their splendid contributions to this commemorative volume.

To our readers: Enjoy.

Michael J. Pollack

ARTICLES

COPYRIGHT'S PAST AND ITS APPLICATION TO COPYRIGHT'S FUTURE

by The Honorable Howard Coble, Chairman
Subcommittee on Courts and Intellectual Property
Committee on the Judiciary
United States House of Representatives

INTRODUCTION

During my tenure as Chairman of the House Judiciary Subcommittee on Courts and Intellectual Property, our nation's intellectual property system has had to face its biggest challenge to date, namely learning how to adapt to the Internet and new media technologies. The great network of networks has become a significant method by which to deliver copyrighted works to people around the world. In the past, copyright legislation has addressed making available works within national borders, with regulated distributors, and within an enforcement framework that depends upon importing and exporting. The Internet does not fit within any part of this framework. It has no geographical limitations, material cannot be easily identified and stopped by the Customs Service, and it is, fortunately, in my mind, unregulated by government. Our focus has been to foster the Internet by preventing regulation while at the same time providing protection for property rights so that the "progress of science" may be promoted more effectively than ever before in our country and around the globe.

Since the 1994 elections when Republicans became the majority party in both houses of Congress, eight laws have been enacted which significantly amend title 17 of the United States Code, and which have changed the path of copyright law forever:

- The "Digital Performance Right in Sound Recordings Act of 1995" (S. 227, P.L. 104-39, 11/1/95)
- 1997 Copyright Technical and Clarifying Amendments (H.R. 672, P.L. 105-80, 11/13/97)
- The "No Electronic Theft (NET) Act" (H.R. 2265, P.L. 105-147, 12/16/97)
- Term Extension and Music Licensing Amendments (S. 505, P.L. 105-298, 10/27/98)
  - The *"Sonny Bono Copyright Term Extension Act"*

- The *"Fairness in Music Licensing Act of 1998"*

- The "DIGITAL MILLENNIUM COPYRIGHT ACT" (H.R. 2281, P.L. 105-304, 10/28/98)
  - The *"WIPO Copyright and Performance and Phonograms Treaties Implementation Act of 1998"*
  - The *"Online Copyright Infringement Liability Limitation Act"*
  - The *"Computer Maintenance Competition Assurance Act"*
  - The *"Vessel Hull Design Protection Act"*

- 1999 COPYRIGHT TECHNICAL AND CLARIFYING AMENDMENTS (S. 1260, P.L. 106-44, 8/5/99)

- The "INTELLECTUAL PROPERTY AND COMMUNICATIONS OMNIBUS REFORM ACT OF 1999" (S. 1948, P.L. 106-113 (by reference), 11/29/99)
  - The *"Satellite Home Viewer Improvement Act of 1999"*

- The "DIGITAL THEFT DETERRENCE AND COPYRIGHT DAMAGES IMPROVEMENT ACT OF 1999" (H.R. 3456, P.L. 106-160, 12/9/99)

The rise of new media has brought about an intersection of intellectual property law and communications law that has required, despite inter-committee jurisdictional battles, cooperation between the Judiciary and Commerce Committees of the Congress. In addition to negotiating with our sister committees and the Senate, we have also experienced the rise to power of a significant number of advocacy groups and high-tech company representatives who command significant weight and influence. Copyright law is no longer a niche field occupied by a once lonely but happy crew of IPR lawyers. Property rights must struggle against a new powerful wave of "users" who disseminate creative property and who have an interest in doing so with as few constraints as possible. These "constraints," in the users' minds, include authorization to make copyrighted works public.

At the same time, copyright is more important to our economy than ever. The copyright industries provide the United States with one of its few trade surpluses and our historical concentration on the importance of intellectual property rights has spawned creative works that continuously make the United States the world leader. Will we be able to continue that historical concentration on strong property rights? In the high-tech environment where distribution industries are as important to our economy as copyright industries, will we be able to pass laws that preserve exclusive rights or will such rights give way to "user rights" as advocates for such rights grow in power?

Thus far, Congress has been able to reach compromise on several legislative initiatives which, in my mind, preserve our national interest in strong property rights. My experience in negotiating and drafting such legislation, however, makes me less optimistic about our nation's ability to

maintain such an emphasis in the future if we are not careful. The push to be able to disseminate copyrighted works over the Internet without obtaining permission or consent for each performance, reproduction, distribution or display is strong. It also is a result of short-term thinking that in the end will benefit no one. Our founding fathers' emphasis on allowing the granting of exclusive rights was a stroke of genius. It required superior wisdom to understand that the long-term development of our country would depend on allowing our citizens to benefit from and control the expression of their ideas. Property rights encourage ideas to come out of the drawer, to be exploited for society's benefit without fear of theft or loss of control. It also encourages competition, allowing others to be inspired from past ideas and to create new original products. It is this competition born out of property rights that brings down prices for consumers while providing an abundance of choice in the marketplace. Short-term thinkers argue that allowing users to receive copyrighted works for free or allowing a license for all types of uses after paying for only one type is "consumer friendly." Such advocates also argue that distributors should be able to operate in the marketplace with "clear rules and regulations" instead of having to negotiate in the marketplace with individual owners. In my opinion, the implementation of this philosophy would not only undermine the ownership principle, it would lead to less creativity, less competition, and therefore higher prices with less choice in the marketplace. In other words, it would backfire.

It may seem natural that the mission of high-tech companies is at odds with those of the copyright industries. It shouldn't be. The irony, of course, is that each industry needs the other to survive in the world of new media. Compromise will thus emerge, either by the joining of new media and content companies, or through negotiation in public fora. The question is, will such compromises abandon our historical principles? Will copyright ever be the same in America and around the world?

I have tried to maintain our historical emphasis on strong property rights while encouraging compromise. I am proud of the achievements of these last few Congresses and hope that a framework has been laid in which future negotiations might be conducted. Following is a summary of the actions taken in Congress regarding title 17 in the 106th Congress. These actions build on the past and point to future changes as well.

SATELLITE HOME VIEWER IMPROVEMENT ACT

Congress has enacted several compulsory licenses over the years. In fact, chapters 111-112, 114-116, 118-119, and 122 of the Copyright Act all contain compulsory licenses of some form to allow for "easy" dissemination of works with government-set remuneration for owners. The advent of the Internet raises the prospect of one new challenge in the near future:

should Internet service providers receive a compulsory license for the streaming (retransmitting) of audiovisual programming transmitted on networks and superstations? Like the challenges faced in other areas of copyright updated for the digital age, Congress will have to determine whether a case can be made for such a license, and whether it is plausible in an unregulated, global, interactive environment.

On November 19, 1999, after several years of considering its different parts, Congress gave final approval to a diverse bill which will have profound effects on our nation's intellectual property system. S. 1948, the "Intellectual Property and Communications Omnibus Reform Act of 1999 (IPCORA)," was signed into law by the President on November 29, 1999 (P.L. 106-113). It was attached by reference to the Consolidated Appropriations Act for Fiscal Year 2000. IPCORA is comprised of six titles. Title I, the "Satellite Home Viewer Improvement Act of 1999," creates a new copyright statutory license for satellite carriers who retransmit copyrighted programming broadcast on local networks and superstations into the local markets from which they were originally transmitted. Title V contains many miscellaneous provisions, three of which affect title 17. Section 5004 grants to public broadcasting entities the same civil and criminal liability exemptions granted to nonprofit libraries, archives and educational institutions under the WIPO Copyright and Performance and Phonograms Treaties Implementation Act, which was part of the Digital Millennium Copyright Act enacted in 1998. Section 5005 makes some technical corrections and makes permanent chapter 13 of title 17 granting protection to and registration of original designs. Section 5006 allows the Librarian of Congress to conduct an informal rulemaking instead of a formal one regarding determinations of the effect on fair use of anticircumvention protections granted under the WIPO Copyright and Performance and Phonograms Treaties Implementation Act.

S. 1948 allows satellite television companies to carry the same local-broadcast network affiliates (*i.e.*, ABC, CBS, FOX, NBC, UPN and WB) that are routinely provided by their cable rivals. The 1988 Satellite Home Viewer Act (SHVA) currently permits satellite retransmission of distant network television programming only if a subscriber meets certain conditions. Thus, for the first time, the satellite companies will be permitted to carry the signals of local network stations to customers within that market.

The measure allows satellite companies to carry local stations in isolated areas *and* in cities, where they can compete with local broadcasters and cable television. Satellite companies will have the legal authority to offer customers local broadcast signals from network affiliates in addition to other channels. The bill makes clear the satellite companies may charge customers no copyright fee for this local signal. Secondly, the bill allows

customers not receiving local broadcast signals to request and receive satellite television waivers quickly.

The bill applies the same rules that govern the cable TV industry regarding network nonduplication, syndicate exclusivity, and sports blackouts to the satellite industry. Also, the bill mandates that until January 1, 2006, TV broadcast stations that provide retransmission consent may not engage in discriminatory practices that prevent multi-channel video programming distributors from also obtaining retransmission consent from such stations. The main goal of this provision is to level the competitive playing field between cable and satellite.

The bill requires satellite companies to accept provisions that mandate them to carry all local stations in all markets by 2002, the so-called "must carry" requirements, ensuring a full complement of stations to the customer. The legislation also allows those subscribers who currently receive distant network signals and are scheduled to be shut off at the end of the year to keep those signals. Additionally, C-band customers will be permitted to keep their service as well.

The measure establishes a more accurate and fairer process for determining which people living in rural areas are eligible to receive distant network signals. Specifically, it requires that broadcasters and satellite companies split the cost of testing homes to see whether consumers are eligible to receive signals from distant network affiliates. The bill requires the FCC to study whether it needs to update its signal standard for satellite service to more accurately determine who should be eligible for distant network signals. Also, the measure lowers the copyright fees subscribers pay for distant signals.

DBS companies are given six months to negotiate retransmission contracts with local stations. At the end of the grace period, satellite companies would be required to sign retransmission agreements to get programming rights from local channels. Additionally, subscribers in outlying areas will continue to receive two sets of distant network programming.

DATABASE PROTECTION

H.R. 354, the "Collections of Information Antipiracy Act," responds to a need to supplement copyright law to prevent substantial copying of another's collection of information in a manner which harms the market for that collection. The bill ensures incentives for investment in the production and dissemination of collections of information, while maintaining continued access to information contained in such collections for public interest purposes such as education, science and research.

The Collections of Information Antipiracy Act prohibits the misappropriation of commercially valuable collections by those who pirate data

that has been collected by others through substantial effort and expense, and use it in a way that causes market injury to the producer of the original collection. This protection is modeled in part on the Lanham Act, which already makes various types of unfair competition a civil wrong under federal law. Importantly, existing protections for collections of information afforded by other bodies of law, most notably copyright and contract rights, are maintained in their present form. The bill is intended to supplement these legal rights, not replace them.

Electronic collections, and other collections of factual material, are indispensable to the United States in the new information economy. These information products put a wealth of data in a convenient and organized form at the fingertips of business people, professionals, scientists, scholars, and consumers, and enable them to retrieve specific factual information that they need to solve a particular economic, research, or educational problem. Whether the focus is on financial, scientific, legal, medical, bibliographic, news, or other information, databases are essential tools for improving productivity, advancing education and training. They are also the linchpins of a world-leading dynamic commercial information industry in the United States.

Developing, compiling, distributing and maintaining commercially significant collections requires substantial investments of time, personnel, and effort and money. Information companies, small and large, must dedicate massive resources to gathering and verifying factual material, presenting it in a user-friendly way, and keeping it current and useful to customers. American firms have been the global leaders in this field. They have brought to market a wide range of valuable collections that meet the information needs of businesses, professionals, researchers, and consumers worldwide. But several recent legal and technological developments threaten to derail this progress by eroding the incentives for continued investment needed to maintain and build upon the U.S. lead in world markets for electronic information resources.

Historically, protection of collections of information has always been recognized as a branch of copyright law. Databases or compilations have been protected by copyright in some form since 1790, when the first U.S. Copyright Act was enacted. As courts applied copyright law to compilations, two distinct rationales for protection emerged. One, known as "sweat of the brow," viewed the compiler's effort and investment (much as in trademark law) as the basis for copyright protection. In 1976, the Copyright Act was amended to require that compilations contain an element of creativity or originality in addition to effort and investment. Despite this amendment, many courts have continued to apply the "sweat of the brow" doctrine in determining copyright protection.

In *Feist Publications, Inc., v. Rural Telephone Service Co.*, the Supreme Court affirmed that originality and creativity in addition to investment and effort are required for protection under the Copyright Act, and that a related form of protection would have to be created in order to completely protect compilations or portions of compilations in which there is effort and investment but not a threshold level of originality or creativity. H.R. 354 provides such copyright-related protection by amending title 17 to create a new chapter 14. Copyright-related protection of this kind has consistently been achieved through amendments to title 17 of the United States Code so as to be construed in the context of and in tandem with protection under the Copyright Act. This was the case with protection for mask works (chapter 9 of title 17) and protection for original designs (chapter 13 of title 17.)

While *Feist* reaffirmed that most — although not all — commercially significant databases satisfy the "originality" requirement for protection under copyright, the Court emphasized that this protection is "necessarily thin." Several subsequent lower court decisions have underscored that copyright cannot stop a competitor from lifting massive amounts of factual material from a copyrighted database to use as the basis for its own competing product. This casts doubt on the ability of a database proprietor to use contractual provisions to protect itself against unfair competition from "free riders."

In Europe, a six-year legislative process culminated in the issuance of a European Union Directive on Legal Protection of Databases in 1996. Among other things, the Directive creates a new, *sui generis* form of property right for the legal protection of databases to supplement copyright. However, it denies this new protection to collections of information originating in the United States or other countries unless the other country offers "comparable" protection to collections originating in the European Union. When fully implemented, the European Directive could place U.S. firms at an enormous competitive disadvantage throughout the entire European market.

At the World Intellectual Property Organization, discussions are ongoing as to whether or not there is a growing international consensus supporting development of a new international treaty on *sui generis* property right protection for databases. This bill rejects the notion that an exclusive *sui generis* property right is the only approach to strong database protection, but rather offers comparable protection through the implementation of a new copyright-related federal misappropriation statute.

In cyberspace, technological developments represent a threat as well as an opportunity for collections of information, just as for other kinds of works. Copying factual material from another's collection, and rearranging it to form a competing information product — just the kind of behav-

ior that copyright protection alone may not effectively prevent — is cheaper and easier than ever, through digital technology that is now in widespread use. Furthermore, piracy and personal theft of collections developed through the resources of another is easy to achieve and will be rampant without proper protections for producers.

When all these factors are added together, it is clear that now is the time to enact new federal copyright-related legislation to protect developers against piracy and unfair competition, and thus encourage continued investment in the production and distribution of valuable commercial collections of information. Such legislation will improve the market climate for collections of information in the U.S.; ensure protection for U.S. collections abroad on an equitable basis; place the U.S. on the leading edge of an emerging international consensus; and provide a balanced and measured response to the new challenges of digital technology. This bill seeks to advance those goals.

After careful legislative deliberation and numerous hearings, the "Collections of Information Antipiracy Act" sets forth intellectual property incentives that the Committee believes will ensure the continued growth, vitality and success of the market for important information products, while securing the continued legitimate use of collections of information for scientific, research, educational and archive purposes. The Committee further believes that preventing producers from having to rely on a hodgepodge of individual state laws is essential to advancing this goal.

The "Collections of Information Antipiracy Act" is a balanced proposal. It is aimed at actual or threatened market injury resulting from the misappropriation of substantial parts of collections of information, not at ordinary nonprofit uses of particular information from a collection. The goal is to stimulate the creation of even more collections, and to encourage even more competition among them. The bill avoids conferring any monopoly on facts, does not create a proprietary right to facts within a collection, or take any other steps that might be inconsistent with these goals.

The bill would prevent any person who extracts or uses in commerce all or a substantial part of a collection of information in a way that causes material harm to the markets of the original collector. Those who violate this act would be liable to the producer of the collection for damages in an amount equal to the defendant's profits or damages to the plaintiff, plus costs, and also could be held criminally liable in certain egregious cases.

Provisions similar to this legislation passed the House of Representatives twice last year: once in H.R. 2652, and once in Title V of H.R. 2281, the "Digital Millennium Copyright Act." Further changes have been made in the introduced and reported versions of this legislation to Section

1403 (Permitted Acts) and to Section 1408 (Limitations on Actions), including the addition of a "fair use"- like provision and a clarification that protection under this bill is limited to fifteen years.

COPYRIGHT DAMAGES

H.R. 3456, the "Digital Theft Deterrence and Copyright Damages Improvement Act," was signed by the President on December 9, 1999. H.R. 3456 was previously H.R. 1761, the "Copyright Damages Improvement Act of 1999." The purpose of H.R. 3456 is to provide more stringent deterrents to copyright infringement and stronger enforcement of the laws enacted to protect intellectual property rights. H.R. 3456 accomplishes this by increasing the statutory penalties in the Copyright Act for copyright infringement.

Section 106 of the Copyright Act gives the owner of a copyright the "exclusive rights . . . to reproduce . . . [and] distribute copies of . . . the copyrighted work . . . ." An individual who violates any of these exclusive rights is an infringer, and may be subject to civil and criminal penalties set forth in Chapter 5 of the Act and section 2319 of Title 18.

Notwithstanding these penalties, copyright piracy flourishes in today's world of advanced technologies. Industry groups estimate that counterfeiting and piracy of intellectual property — especially computer software — cost the affected copyright holders more than $11 billion last year (others believe the figure is closer to $20 billion). In some countries, software piracy rates are as high as 97% of all sales. The U.S. rate is far lower (25%), but the dollar losses ($2.9 billion) are the highest worldwide. The effect of this volume of theft is substantial: 130,000 lost U.S. jobs, $5.6 billion in corresponding lost wages, $1 billion in lower tax revenue, and higher prices for honest purchasers of copyrighted software.

Unfortunately, the potential for this problem to worsen is great. By the turn of the century the Internet is projected to have more than 200 million users, and the development of new technology will create additional incentive for copyright thieves to steal protected works. The advent of digital video discs, for example, will enable individuals to store far more material than on conventional discs and, at the same time, produce perfect secondhand copies. As long as the relevant technology evolves in this way, more piracy will ensue. Many computer users are either ignorant that copyright laws apply to Internet activity, or they simply believe that they will not be caught or prosecuted for their conduct. Also, many infringers do not consider the current copyright infringement penalties a real threat and continue infringing. In light of this disturbing trend, Congress responded appropriately with updated penalties to dissuade such conduct. H.R. 3456 increases copyright penalties to have a significant deterrent effect on copyright infringement.

During the first session of the 105th Congress, H.R. 2265, the "No Electronic Theft Act" (NET Act) was enacted into law.[1] The NET Act reversed the practical consequences of *United States v. LaMacchia*[2] by criminalizing computer theft of copyrighted works, whether or not the defendant derives a direct financial benefit from the act(s) of misappropriation. However, since the enactment of the NET Act in December 1997, there have been no prosecutions brought by the Department of Justice under the Act. This is important because in order to be successful in the battle against Internet piracy not only must Congress enact legislation giving legal recourse to copyright owners but those laws must be implemented by the appropriate law enforcement agencies.

In May, 1999, during hearings on enforcement of the NET Act, representatives of the Department of Justice and the copyright industries testified that the current sentencing guideline—because it is based solely on the low value of the infringing items—significantly underrepresents the degree of economic harm inflicted by copyright and trademark crimes.

Sentences for the offenses of criminal copyright infringement and trademark counterfeiting are governed by a sentencing guideline designated as § 2B5.3 of the United States Sentencing Commission Guidelines Manual. This guideline sets a Base Offense Level of 6, the same as for fraud or theft offenses involving a loss between $1,000 and $2,000. The guideline also establishes, as the sole aggravating "Specific Offense Characteristic," that if "the retail value of the infringing items exceeded $2,000," then the base level is to be increased by the corresponding number of levels from the monetary loss table in the sentencing guideline for fraud offenses.

The witnesses from the Department of Justice and the copyright industries testified that the sentences imposed under this guideline are too low to deter individuals from trademark counterfeiting and copyright piracy; indeed, according to the Sentencing Commission, approximately 45 percent of intellectual property offenders receive a sentence of probation without any requirement of confinement. Department of Justice officials reported that these low sentences operate as a disincentive for the federal government to commit resources to investigating and prosecuting intellectual property cases, and that few prosecutions and low sentences for those cases that are prosecuted have contributed to the perception of intellectual property crime as a high profit, low risk venture.

In a further attempt to resolve this problem, H.R. 3456 reinforces Congress' intent that the Sentencing Commission implement the NET Act and provide sufficiently stringent sentencing guidelines to deter intellec-

[1] Pub. L. No. 105-47 (Dec. 16, 1997).

[2] 871 F. Supp. 535 (D. Mass. 1994).

tual property crime. H.R. 3456 instructs that within 120 days after the date of the enactment of the Act or within 120 days after the first date on which there is a sufficient number of voting members of the Sentencing Commission to constitute a quorum, whichever is later, the Commission shall promulgate emergency guideline amendments to implement section 2(g) of the NET Act. It is vital that the United States recognizes intellectual property rights and provides strong protection and enforcement against violations of those rights. Federal law enforcement must be armed with effective tools with which to combat this problem. By doing that, the United States will protect its valuable intellectual property and encourage other countries to enact and enforce strong copyright protection laws.

CONCLUSION

During the current session of Congress, we will be examining responses to the Supreme Court's decision in *Seminole Tribe of Florida v. Florida*.[3] The Court held that it is unconstitutional for Congress to declare that states may not raise sovereign immunity as a defense in a suit for copyright infringement by an owner. We will also be examining the accessibility of music on the Internet and the protection of individual privacy in all electronic communications, among other issues. If the future reflects the present, copyright law will continue to intersect with law applicable to emerging technology and concerns for technological protection, privacy, distribution and use of works will focus on the new global reach of transmissions. The path has been laid, but there is a lot of work to do.

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[3] 517 U.S. 1133 (1996).

COPYRIGHT DURATION AT THE MILLENNIUM

by ROBERT L. BARD*
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I. INTRODUCTION: THE HISTORY OF COPYRIGHT DURATION AND THE COPYRIGHT TERM EXTENSION ACT

The history of copyright duration in the United States has been one of an ever-lengthening term of protection. With each comprehensive revision of the federal law, the term has increased.

The Statute of Anne of 1709[1] was the first modern copyright statute in Anglo-American law, and it served as a model for subsequent American legislation. The enactment located the origin of literary property in composition and created a two term system of copyright duration. It provided protection for an original fourteen year term dating from publication and an optional fourteen year renewal term beginning upon expiration of the first fourteen years. Our first federal statute, enacted in 1790 soon after the ratification of the Constitution, adopted a similar scheme, recognizing an original term of fourteen years from the date of publication plus a second term of fourteen years if the author was living at the expiration of the first term.[2] In 1831 Congress extended the original term to twenty-eight years, producing a total possible period of protection of forty-two years.[3] In 1909 the renewal term was increased to twenty-eight years.[4] Thus, before the Copyright Revision Act of 1976 was enacted,[5] the scheme in place accorded protection for a period of twenty-eight years from publication with an additional twenty-eight year period in the event of proper renewal,[6] producing a maximum term of fifty-six

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1 8 Anne, c. 19 (1709).

2 Act of May 31, 1790, ch. 15, 1 Stat. 124 (1790).

3 Act of February 3, 1931, ch. 16, sec. 1, 4 Stat. 436 (1831).

4 Act of March 4, 1909, ch. 320, sec. 23, 35 Stat. 1075 (1909).

5 Congressional attempts to alter the term of copyright protection between 1909 and 1976, and the reasons offered in support of and opposition to these proposals, are summarized in JAMES J. GUINAN, DURATION OF COPYRIGHT 9-19 (Copyright Office, General Revision of the Copyright Law Study No. 3, 1957); Saul Cohen, *Duration*, 24 UCLA L. REV. 1180, 1200-01 (1977).

6 If the copyright was not renewed before the expiration of the original term, protection would expire and the work would pass into the public domain.

years. The Revision Act dramatically departed from this traditional bifurcated scheme,[7] which had accorded protection for a fixed number of years. Instead the basic term of copyright protection was changed to the life of the author plus fifty years.[8]

This pattern of increasing duration continued at the end of the century with the passage of the Copyright Term Extension Act in the fall of 1998.[9] That expansive enactment, passed in response to an initiative of the

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In fact, the large majority of copyrighted works fell into the public domain after their initial term. *See* BARBARA RINGER, RENEWAL OF COPYRIGHT (Copyright Office, General Revision of the Copyright Law Study No. 31, 1960) (no more than 15% of initial copyrights renewed under 1909 Act). Thus, the effective term of exclusive protection was decidedly shorter than the statutory maximum.

[7] The advantages and disadvantages of such a departure, *i.e.*, adoption of a life plus number of years term, are summarized in GUINAN, *supra* note 5, at 24-25, 28.

[8] 17 U.S.C. sec. 302(a) (1994). Thus, under the Revision Act for most works created on or after January 1, 1978, the term of copyright commenced with the work's creation and terminated fifty years after the death of the work's author. The Copyright Office estimated that protection of works for this new period of life plus fifty would result, on average, in a term of protection of seventy-six years. *See* COPYRIGHT LAW REVISION, REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW, 87th Cong. 50-51 (1961). *But see* GUINAN, *supra* note 5, at 28 (life plus fifty years, on average, will produce a term of more than seventy-six to eighty-six years). For the author who lives more than six years after a work's creation, the new arrangement provided lengthier protection than the 1909 Act's twenty-eight plus twenty-eight year scheme. If one compares a protective period of seventy-five years to that of fifty-six years, the result of the Revision Act's significant change of the length and structure of the copyright term was a 34% increase in the period of protection. Moreover, these numbers mean that a term of life plus seventy will often fix in place proprietary barriers to public access for a century or more.

In addition to changing the basic term, the 1976 Act made two other major changes in the nature of copyright duration. First, for most works, the point at which protection attached was changed, with fixation of the work in tangible form replacing publication and registration as the point of attachment. Second, the separation of protection into two separate and consecutive terms was eliminated, and the structure of distinct original and renewal terms was replaced with a single unified term of protection. The effect of this change on the growth of the public domain was major. Congress, in eliminating the need to renew a copyright in order to gain the benefit of the maximum term, effectively cut off the flow of work into the public domain before the expiration of the maximum term.

At the time of passage of the 1976 Act, a large majority of countries, especially those countries where American works had a substantial market, afforded protection for a life plus fifty term.

[9] Pub. L. No. 105-298, 112 Stat. 2827 (1998) (Sonny Bono Copyright Extension Act)[hereinafter Term Extension Act].

European Union, generally added twenty years to the term of most copyrights, lengthening the basic term of protection from life of the author plus fifty years to our present life plus seventy years. The arguments, domestic and international, offered in support of this legislation are worthy of summary and assessment. The history of the Copyright Term Extension Act is revelatory both of what passes for relevant argumentation by affected copyright industries and of the character of the political process which receives and digests this argumentation. And reflection on the historical pattern of duration and on the Copyright Term Extension Act in particular yields significant implications for copyright policy and politics in the future.

Indeed, though the issue of length of protection has important analytical aspects specific to it, it also provides a lens through which to view the more general question of the factors that should be brought to bear in the determination of an appropriate level of protection that meets the conflicting demands of producers and consumers. Thus, we will discuss the question of an increased term both for its own sake and to contribute to the effort to provide a sound intellectual and public policy framework for analyzing copyright issues. This objective is particularly important because of the deep defects in the terms of public debate regarding copyright policy. These deficiencies are both analytical and political, and the two sets of defects interact, reinforcing each other. The analytical errors arise most often from a failure to grasp the peculiar economic characteristics of most intellectual and artistic goods and the corresponding core economic problem to which copyright is a response. The political problem lies in a legislative process which normally does not pay sufficient attention to these economic touchstones and the social interests served by limitations on copyright protection. That process is dominated by producers' interests with the inevitable consequence that the broader societal interests in limiting copyright protection are largely ignored.

II. THE EUROPEAN UNION DIRECTIVE, THE AMERICAN RESPONSE, AND THE ARGUMENTS FOR TERM EXTENSION

At the time of passage of the 1976 Copyright Act, which established the basic term of American copyright protection at life of the author plus fifty years, a large majority of countries, especially those countries where American works had a substantial market, afforded protection for that same life plus fifty term. In October 1993 the Council of the European Union issued a Directive establishing a uniform term of copyright protection among the Member States.[10] By July 1995 the laws of all EU coun-

[10] Council Directive 93/98, 1993 O.J. (L290) 9 [hereinafter Directive].

tries were to provide copyright protection for the life of the author plus seventy years. For most EU countries this change represented a twenty year extension of their current copyright periods. The Directive, then, altered the pattern of international uniformity, and put the EU at odds with the United States law. Moreover, in the situation of a work whose country of origin is "a third country" and whose author is not a European Union national, for example a song by an American composer published in the United States, the Directive calls for application of "comparison of terms of protection."[11] This comparison of terms, in practice, yields what is known as the "rule of the lesser term" with the result that an American composer would have been protected in Europe for the shorter of the American and European terms, life plus fifty rather than life plus seventy.[12]

The European development prompted proposals that the United States amend its Copyright Act to extend the existing duration from life

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[11] *See* Directive at par. 22; art. 7(1). It has been suggested, though not forcefully, that the Directive's provision for comparison of terms and limitation of benefits may run afoul of article 4, the most-favored-nation clause, of the TRIPs Agreement, to which both the European countries and the United States have subscribed. *See Hearings on H.R. 989 Before the Subcomm. on Courts and Intellectual Property of the House Judiciary Comm.*, 104th Cong., 355-56, 375-81 (1996) [hereinafter *House Hearings*]; J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, 29 INT'L LAW. 345 (1995).

[12] *See* Directive at art. 7(1).

The Directive does provide, though, that its durational provisions are subject to the Members' international obligations, and that comparison of terms should not result in Member States being brought into conflict with those obligations. *See* Directive at par. 24; art. 7(3). While the application of reciprocity by EU countries does not violate their Berne Convention obligations, *see* ROBERT L. BARD & LEWIS KURLANTZICK, COPYRIGHT DURATION: DURATION, TERM EXTENSION, THE EUROPEAN UNION, AND THE MAKING OF COPYRIGHT POLICY 8-9, 15-16 (1999) [hereinafter BARD & KURLANTZICK], the Directive's exception for existing treaty commitments has significant practical bite with respect to one of the most important European countries, Germany. Germany, a major consumer of United States works, is bound by an existing bilateral agreement with the United States which commits it to national treatment. Agreement Between the German Reich and the United States of America, 27 Stat. 1021, Jan. 15, 1892, art. 1 (unrestricted national treatment); *see* Wilhelm Nordemann, *The Term of Protection for Works by U.S.-American Authors in Germany*, 44 J. COPYR. SOC'Y 1 (1996). As a result, American works, at least works published after U.S. accession to Berne, are protected there for the full life plus seventy term regardless of whether term extension legislation was enacted in the United States. This provision significantly limits whatever negative effects might have followed from an American decision against term extension.

plus fifty years to match the European term.[13] These proposals and the resulting legislation received support not only from interested trade associations, in particular the American music and movie industries,[14] but also from some academic commentators.[15] The prime argument offered for the change was that in order for American copyright producers to receive the benefit of the extended European term the United States must match that term of protection; because the European countries need not apply the new, longer term to works originating in countries which provide a shorter protective term, American authors and publishers would not receive the advantages of extended protection abroad unless Congress increased the term in the United States to life plus seventy for European products. Some United States film and music producers, for example, might not enjoy the possibility of an additional twenty years of European royalties. Advocates of the change stressed the gains to American business, the desirable impact of enhanced foreign revenues on the United States trade balance, and the costlessness of extension. Perhaps not surprisingly, they presented the legislation as an opportunity to earn more revenue at the expense of foreigners, thereby gaining something for nothing.

The amendment of our law, however, is misguided, and the various justifications offered in support of the change are deeply flawed. In asserting that the change will be virtually costless, the supporters ignore or understate the costs of copyright protection to American consumers, including its more subtle costs, and the fact that some of these costs increase as the term lengthens. In addition, they misstate the incidence of the burdens the change will produce. While American producers will benefit and some of their additional revenues will come from European consumers, the major burden will be borne by American consumers and users of intellectual and artistic products.

Moreover, the supporters of term extension take an exceedingly narrow view of the benefits which accompany expiration of copyright and the placement of a work in the public domain, where it is free to be consumed by all or used, without inhibition, as a creative building block by other authors. To limit the ability of authors to make use of prior works by requiring them to seek permission or to subject their creative plans to the

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[13] *See, e.g.*, David Nimmer, *U.S. Should Extend Copyright Terms*, BILLBOARD, April 16, 1994, at 8.

[14] *See, e.g.*, Joint Comments of the Coalition of Creators and Copyright Owners, In the Matter of Duration of Copyright Term of Protection, Docket No. RM 93-8, September 22, 1993.

[15] The most notable academic supporter is Professor Arthur Miller. *See* Arthur Miller, *Extending Copyrights Preserves U.S. Culture*, BILLBOARD, January 14, 1995, at 4.

censorial veto of heirs of the original author is to unduly impede the initiation and execution of some intellectual and artistic works. That diminution in creative output due to copyright expense constitutes a serious cultural loss. Thus, it is socially desirable that, after some period of time sufficiently long to guarantee a reasonable return to the original producer of intellectual property, those planning a film of "Washington Square" not be shackled by the need to obtain the permission of the heirs of Henry James and the contemporary novelist looking to rework *Wuthering Heights* be free of any need to answer to Emily Bronte's assigns. And *Kiss Me Kate*, Cole Porter's musical retelling of Shakespeare's *Taming of the Shrew* which takes great liberties with the text in setting it to music, represents but one example of the fact that imitation, borrowing, and copying are an inevitable part of creating informational and imaginative works, and the public domain constitutes the raw materials from which these activities draw.

In addition, predictions of the consequences of term expiration by proponents of change are empirically unsound and ignore microeconomic theory. The assertions that termination of protection will neither reduce the price nor expand the availability of intellectual and artistic works can not be supported either factually or theoretically. Finally, neither the value of international uniformity *per se*, *i.e.*, the interest in harmonization of copyright law independent of any particular length of term, nor predicted improvement in the United States's balance of payments justifies the change.

In the formation of copyright policy, the lack of empirical data and the inability to quantify important variables and to calculate benefits and costs exactly preclude precise evaluation of the impact of any significant changes in the degree of copyright protection. Though this imprecision renders it impossible to identify a single, obviously correct term of protection, it is possible, in addressing the issue of duration, to talk meaningfully about more or less protection. But recent advocates of a major increase in the term have made no serious attempt to prove that the prior level of protection failed to provide sufficient incentives in terms of an optimum level of creation and dissemination of intellectual and artistic products. Rather they have limited the focus of their arguments to collateral benefits, such as the balance of payments, and to misrepresentations that the change will be costless.

III. THE ARGUMENTS FOR A TERM INCREASE: DOMESTIC

A. Costlessness

Advocates of term extension often argue that such a change will be costless. The National Music Publishers' Association (NMPA), the principal trade group for American music publishers, for example, contends that

extending the term can be done "without causing harm to the interest of any person or entity."[16] A coalition of theatrical, music, and artistic trade groups concurs, declaring "that we can obtain 20 years of protection in the EC at virtually *no cost to ourselves*."[17]

But, in fact, copyright protection imposes several kinds of costs, and these are underlined by an increase in the term. The exactions generated by protection include higher prices for those goods which are produced, transaction costs necessitated by the requirement to obtain permission to use a work, and administrative and enforcement costs. While the scope of protection conferred by copyright is less extensive than that granted by patent, the exclusive right to control reproduction of the work empowers the proprietor to charge a price higher than would obtain if there were active competition in its production and marketing.[18] As a result, fewer people will have access to the work[19] with a corresponding cost to con-

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[16] Comments of the National Music Publishers' Association, Inc. (NMPA), In the Matter of Duration of Copyright Term of Protection, Docket No. RM 93-8, Copyright Office, September 22, 1993, at 2. If extension would, in fact, be costless, one must wonder — why have any time limit on the protection? The assertions of costlessness are directly at odds with the claims of supporters of legislative change that they will be deprived of sizeable European revenues if the United States does not extend its term to match that of Europe. *See, e.g., infra* note 132.

[17] Joint Comments of the Coalition of Creators and Copyright Owners, In the Matter of Duration of Copyright Term of Protection, Docket No. RM 93-8, September 22, 1993, at 10. These trade groups have some esteemed company, including Jeremy Bentham and John Bates Clark, in their erroneous assertion about the costlessness of an extension of protection. *See* BARD & KURLANTZICK, *supra* note 12, at 102 n.115.

[18] A reduction in price of some goods may produce secondary benefits beyond the benefit to the immediate consumer. For example, a reduction in textbook prices, Professor, now Justice, Breyer has noted, would have significant social value. *See* Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281, 315-16 (1970); JOHN M. HARTWICK, ASPECTS OF THE ECONOMICS OF BOOK PUBLISHING 23-24 (1984)(externalities in publishing). Increased circulation of a textbook or scholarly work can produce benefits whose value far exceeds the cost of the extra books. Placing texts in the hands of more students means more intellectual stimulation, greater productivity, and increased research. Thus price reductions in the case of textbooks would be quite valuable socially.

[19] *E.g.*, Wendy Gordon, *Assertive Modesty: An Economics of Intangibles*, 94 COLUM. L. REV. 2579, 2590-91 (1994). Put differently, copyright imposes a "tax" on consumers, audiences, and later authors. The extent to which the "tax" raises significant obstacles to listener, viewer, or reader access, depends on a number of factors including the degree of the owner's market power (due to product differentiation) over any given consumer use of his particular work. Neil Weinstock Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283, 294-96 & n.39 (1996). *See also* Glynn S. Lunney,

sumers (and authors) in underutilization of the product. Under a copyright regime where the owner may charge for access to the work, an individual who values the work at more than the cost of making a copy but less than the price will opt not to buy it. This inefficient scenario, under which users surrender benefits that exceed the cost of their use, produces a deadweight loss.[20] And the interest in access and the corresponding social gain from the widespread dissemination of the ideas and information embodied in intellectual works are compromised.

A second set of costs copyright exacts is the transaction costs incurred in obtaining permission to use or reproduce a work. These costs include identifying and contacting the copyright holder, bargaining with him, and arranging compensation.[21] The rules for use of existing matter significantly influence the creation of new works, and the high cost of licensing and transacting with the copyright holder may prevent an author from us-

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Jr., *Reexamining Copyright's Incentives-Access Paradigm*, 49 VAND. L. REV. 483 (1996) (efficiency cost from overprotection in addition to reduced access). To the extent that copyright in an author's potential source material necessitates payment for the quotation, adaptation, or reformulation of that material, some such transformative uses will never occur.

The proposition that intellectual and artistic works would be underproduced in a market without copyright protection rests on the assumption that one work is not a complete substitute for another and therefore that, with protection, an author does enjoy market power to some degree. Recognition of the fact that substitutability will vary among works, *see* note 20 *infra*, leads to the conclusion that copyright gives each creator at least some monopoly power, and it gives greater power to some authors than to others. Stewart E. Sterk, *Rhetoric and Reality in Copyright Law*, 94 MICH. L. REV. 1197, 1205 & n.45 (1996).

20 For a definition of deadweight (or social) loss, which gauges how much worse off people are paying the monopoly price than paying the competitive price, *see, e.g.*, HAL R. VARIAN, INTERMEDIATE MICROECONOMICS 404-06 (2d ed. 1990), BARD & KURLANTZICK, *supra* note 12, at 81 n.77. Adjustment of the duration of protection is one way that a copyright system may reduce deadweight losses without deterring authors from creating new works.

These efficiency losses vary significantly between types of copyrighted works depending on the degree of market power enjoyed by the copyright holder. At one extreme are singular works for which there are no substitutes in the eyes of the consumer. At the other extreme are works for which nearly perfect substitutes exist; here if the holder raises the price, the quantity of copies bought will drop sharply. Most copyrighted material lies between these extremes. (Also, the degree of market power held by a particular copyright holder may differ dramatically as between different types of consumers, *i.e.*, within different markets.) Any thoughtful analysis of the copyright system must recognize the existence of this spectrum.

21 Related costs are those involved in the initial decision as to whether there is a need to seek permission. The author and his lawyer, for example, might have to determine the scope of protection for the copyrighted work in order to assess whether the proposed use would likely constitute an infringement.

ing material from an earlier copyrighted work in his own work.[22] Put generally, the prohibition on unauthorized duplication and the attendant transaction costs operate to raise the cost of producing new creations.[23] The ban on borrowing from existing works constricts the sources on which the author may build, and this constriction of the public domain from which future authors may draw for inspiration and education makes it harder for them to create new works.[24] The restriction precludes or raises the costs of other authors' efforts. If sufficiently high, these costs hold the

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22 With recent developments in digital technologies, multimedia works often take small parts of existing works and transform them into dramatically different combinations of sounds and images for entertainment and educational purposes. A life plus fifty period of protection may well impede the creation of valuable multimedia works because of the transaction costs involved in bargaining for the number of licenses required. Extending the term of protection can only aggravate this problem.

23 An important point to note is that the potential users are not simply parasites. These users, copyists, and adapters may be creators themselves; they "may reach markets different than those reached by the original creators, or they may bring new perspective, reduced cost, special expertise, deeper insights, or innovative technology to the exploitation and adaptation of established works." Transaction costs, though, may discourage or prevent these desirable creative efforts and results. Wendy J. Gordon, *On Owning Information: Intellectual Property and the Restitutionary Impulse*, 78 VA. L. REV. 149, 157-58, 250 (1992).

24 *E.g.*, William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325, 332 (1989) (copyright protection beyond some level may be counterproductive; raising the cost of expression to future creators may lower the number of works created). The important general point is that negative effects result from too-extensive protection; such protection can actually impede artistic innovation, reduce the opportunities for creativity, decrease the availability of new products and of our cultural heritage, delay scientific progress, and restrict public debate.

With respect to the term extension enactment, the implication is that the more we tie up old works in ownership rights that do not produce a public benefit in the form of greater creation incentives for new works, the more we limit the ability of current authors to add to the common fund of knowledge, culture, and entertainment by building on and enlarging the cultural heritage passed on by their predecessors. The probable net impact will be a reduction in the authorship of new works, as a term extension must to some extent discourage the production of new works derivative of those for which protection has been extended and which would otherwise be in the public domain. Thus, transaction costs and the attendant diminution of the public domain impose a social detriment in the form of works that are not produced. Little attention is paid by extension supporters to the loss represented by the absence of valuable new works that are not authored because underlying works, domestic and foreign, that would have served as a foundation remain under copyright protection. While the magnitude of this loss can not be known, it is nonetheless real. *See generally* White v. Samsung Elects. Am., Inc., 989 F.2d 1512 (9th Cir. 1993) (Kozinski, J., dissenting);

potential to subvert the copyright regime's objective of achieving an appropriate stream of original authorship over time.

The costs that copyright imposes[25] are likely to increase as the period of protection lengthens. Transaction costs, for example, will expand with extension of the durational term. As time goes by, people who are interested in duplicating or using old copyrighted works will find it progressively more difficult to identify and locate the owner of the reproduction right and to obtain his permission.[26] Tracing the remote heirs of the author or other claimants of the copyright will be onerous,[27] and the uncer-

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Steve Zeitlin, *Strangling Culture with a Copyright Law*, N.Y. TIMES, April 25, 1998, at A15.

[25] A third category of costs is the administrative costs of operating the protective system. These costs are primarily the input of legal and clerical resources in government, the affected industries, and law offices. As a general matter, public expenditures for court and administrative expenses are minor for a copyright system as compared with those for a patent system, and an increase in the term would not require a significant rise in these expenditures. (During fiscal year 1992 gross expenditures by the Copyright Office amounted to $26 million. The comparable figure for the Patent and Trademark Office was $421 million. Office of Budget and Management, Budget of the United States Government, Fiscal Year 1994 Appendix-39, 65 (1993).) For some observations about copyright's distinctive characteristics with respect to administrability, *see* BARD & KURLANTZICK, *supra* note 12, at 58, 85-88.

[26] *See, e.g.*, Michael Holroyd, *How Do We Block The Drain? The Problems of Locating and Retaining Literary Papers*, TIMES LITERARY SUPPLEMENT, June 23, 1995, at 24. *See also* Ayn Rand, *Patents and Copyrights*, *in* CAPITALISM: THE UNKNOWN IDEAL 125, 127 (1966):

> If [intellectual property] were held in perpetuity, . . . it would lead, not to the earned reward of achievement, but to the unearned support of parasitism. It would become a cumulative lien on the production of unborn generations, which would ultimately paralyze them. Consider what would happen if, in producing an automobile, we had to pay royalties to the descendants of all the inventors involved, starting with the inventor of the wheel and on up. Apart from the impossibility of keeping such records, consider the accidental status of such descendants and the unreality of their unearned claims.

[27] Passage of time and multiple dealings with the copyright in a work produce difficulty in identifying who is entitled to particular rights and with whom negotiations for permission must be conducted.

> [A]fter only a few hereditary successions owing to the often complex laws of succession and the increasing legal fragmentation, the certain determination of the legal owners which is necessary for legal transactions would no longer be at all possible or only with great difficulty.

Preamble to West German Copyright Law of 1965, *quoted in* ADOLF DIETZ, COPYRIGHT LAW IN THE EUROPEAN COMMUNITY 161 (1978). Tracing costs are likely to be substantial when a creative work is old not only because of the obvious succession puzzle but because the author may well have entered into many contracts for the work's use; and joint authorship exacerbates

tainty as to ownership attendant on these practical difficulties may well affect investment decisions.[28] Facilitation of the copying of old works, such as literary writings or recordings, is particularly important, though, for an old work which someone wishes to duplicate is likely to be of unique merit or to be needed for research or education, socially valuable activities.[29]

A realistic example will bring some of these generalizations to life. Over the past few decades there has been increased interest in preserving the work of early blues and jazz artists. A number of companies, particularly some small, specialty concerns, have labored to put together and reissue recordings of these artists. These projects have a clear historical, cultural, and educational value. Under a protective scheme those involved in such a project not only have to locate decent-quality recordings of these artists — a very time-consuming job in itself — but they also have to identify, locate, and obtain the permission of those who control the rights to reproduction of each of the recordings. This task could prove a formidable obstacle to a project's fruition,[30] and a producer may well

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these difficulties. *See also* 1 E.P. SKONE JAMES *et al.*, COPINGER AND SKONE JAMES ON COPYRIGHT 343 (14th ed. 1999) (practical difficulty of tracing title after long period to kind of property of which there can be no physical possession; unreasonable to give protection to author's remote successors).

While collective licensing and computerized tracking systems hold out the promise of significant reduction of these transaction costs, the complexities of ownership guarantee that these costs will persist and that the passage of time will aggravate them.

[28] Concern about these tracing costs formed a significant part of the reasons for the Copyright Office's opposition to a copyright term measured by the death of the author in the Office's initial comments on the revision process leading to passage of the 1976 Act. The Register of Copyrights' 1961 *Report* recommended that the term of protection be computed, instead, from the time of first public dissemination. That recommendation derived from an overriding commitment to the value of the ability of the public to determine the date of the event triggering the measurement period. Thus, for someone wishing to reproduce a work, "the death date of authors who are not well known would often be difficult to ascertain." REPORT OF THE REGISTER OF COPYRIGHTS, *supra* note 8, at 47-49.

[29] The presence of spillover benefits will vary among kinds of writings and their settings. *See, e.g.*, note 18 *supra* (textbooks).

[30] Several years ago the president of one of the small concerns specializing in reissues of early black artists stressed in his conversations with one of the authors the lengthy, difficult, often unreasonable negotiations for permission to reproduce as a major obstacle to his efforts. For additional, more recent examples of worthwhile activities which were abandoned because of the difficulty of locating copyright holders of old works, *see* Memorandum in Support of Plaintiffs' Motion for Judgment on the Pleadings, at 14-18, Eldred v. Reno, No. 99-65 (D.D.C. filed Jan. 12, 1999).

prefer to forego the activity rather than pursue permissions. The twenty year extension of the copyright term will simply expand the practical hurdles faced by the producer of such a project. Although the transaction cost problem can be mitigated by a registry arrangement,[31] these

[31] Congressional awareness of this problem led to the inclusion in the 1976 Act of provisions directing the Copyright Office to maintain records containing information about the death of authors and designed to provide key data to prospective users of authors' works. 17 U.S.C. sec. 302(d)-(e) (1994). In a life plus system, the year of an author's death is a critical date in computing the length of copyright. Section 302(d) permits anyone having an interest in a copyright to file a statement of the date of the author's death or a statement that the author is alive as of a particular date. Section 302(e), as amended, provides those with an interest in a copyrighted work with a financial incentive to file information that the author remains alive or that less than seventy years have passed since his death. Users of a work who, after a prescribed interval, rely on the absence of such recorded information in the Copyright Office files, are given the benefit of a presumption that the author has been dead for at least seventy years. This "good faith" reliance on the Copyright Office's report, stating that its records contain no indication that the author is still living or died less than seventy years before, operates as a complete defense to an infringement action.

Some countries with lengthy terms of protection have tried to minimize the costs imposed through a variety of measures. Canada, for example, formerly provided that any person can reproduce a copyrighted work during the last twenty-five years of the copyright term upon payment of a 10% royalty to the copyright proprietor. *See* Copyright Statute of Canada sec. 7, 1 UNESCO COPYRIGHT LAWS AND TREATIES OF THE WORLD (1992). Other countries attempt to alleviate the difficulty of contacting proprietors of old copyrights by providing that a person may reproduce a copyrighted work after he has made a reasonable, but unsuccessful, effort to contact the copyright owner. *See, e.g.*, Copyright Act, R.S.C., ch. C-42, sec. 77 (1985) (Can.) (owner who cannot be located); Copyright Act of Czech and Slovak Republics sec. 18(1), 1 UNESCO COPYRIGHT LAWS AND TREATIES OF THE WORLD (1992); Francis J. Kase, *Copyright in Czechoslovakia—The New Copyright Statute of 1965*, 14 BULL. COPR. SOC'Y 28, 45 (1966). Another country requires payment in order to prolong copyright beyond an initial brief term. *See* Honduras, Copyright Provisions in Patents Statute, art. 4, 8-9, 2 UNESCO, COPYRIGHT LAWS AND TREATIES OF THE WORLD (1992). Such measures are probably unnecessary if the term of protection is short. However, in the case of a lengthy term of protection, such mitigating measures merit serious attention, and no extension of protection can justifiably be enacted without incorporation of some such devices.

Presumably in response, in part, to the concerns articulated here, the 1998 Copyright Term Extension Act departed from predecessor bill versions by providing that libraries, archives, and nonprofit educational institutions may reproduce and distribute copies of works for preservation, scholarship, teaching and research during the added twenty years of copyright protection, if the work is not being commercially exploited and can not be obtained at a reasonable price. *See* Term Extension Act, sec. 104; S. REP. No. 104-315, at 6, 18 (1996). It is questionable, though, that this provision offers

costs can not be eliminated, and the passage of time only exacerbates them.[32]

While the costs of copyright protection rise significantly with the passage of time, the benefits do not. In markets where business decisions are moved by relatively short term considerations, extension of the term is unlikely to have decided incentive effects. Will the prospect of a possible sale more than seventy-five years from now significantly affect a record company's decision to produce a sound recording? Similarly, it is highly unlikely that a musical artist or composer would be deterred from performing or composing by the recognition that his royalties will cease fifty years, rather than seventy years, after his death.[33] Moreover, once the

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any more than is already permissible under a proper application of the principle of fair use. *See* Statement of Copyright and Intellectual Property Law Professors in Opposition to H.R. 604 and S. 505 "The Copyright Term Extension Act of 1997" 6 n.6 (June 16, 1997).

[32] *Cf.* Richard Gilbert & Carl Shapiro, *Optimal Patent Length and Breadth*, 21 RAND J. ECON. 106, 112 n.3 (1990) ("simply the costs incurred by a future would-be inventor to determine whether an invention infringes any existing patents are likely to increase markedly with the statutory patent lifetime. The costs of searching previous patent records, and the uncertainties imposed on inventors, could be large indeed if an inventor were exposed to the risk of being found to infringe a hundred-year old patent").

[33] *See, e.g.*, Stephen R. Barnett & Dennis S. Karjala, *Copyrighted From Now Till Practically Forever*, WASHINGTON POST, July 14, 1995, at A21 (de minimis incentive effect: "What author is going to decide not to write another book because copyright royalties will flow only for 50 years, not 70 years, after her death?"). *See generally* ARNOLD PLANT, THE NEW COMMERCE IN IDEAS AND INTELLECTUAL PROPERTY 11-12 (1953). Is it really believable that authors' and publishers' decisions in 1999 will be influenced by rights that their successors will have in 2074 and thereafter?

The Copyright Act's termination of transfer provisions complicate the analysis of the creation-inducing effects of an increased term, but they do not alter the conclusion that the incentives for creation and publication will at most be minimally affected by a change. The 1976 Act continues the policy of allowing authors or their heirs to avoid copyright transfers after a certain number of years. Section 203 creates a right to terminate transfers or licenses, whether exclusive or non-exclusive, of a copyright or any right under a copyright executed by the author after January 1, 1978. Generally, this termination may be effected at the end of thirty-five years from the execution of the grant. *See* 17 U.S.C. sec. 203 (1994). However, accepting that it is very difficult to predict at the time of creation which works will have long term survival value, the existence of inalienable termination rights exercisable thirty-five years after any transfer by an author means that an additional twenty years on the ultimate duration of the copyright can not add value to *initial* transfers of the copyright by the author and, thus, can not serve as a further economic stimulus to creative production. In other words, no natural person will receive anything more in exchange for terminable rights in his work under a life + 70 system than under the life

value of future income is discounted, the present value of a future copyright advantage is quite small. At a ten percent discount rate, for example, a dollar to be received seventy-five years from now is worth a small fraction of one cent![34] Common sense aligns with economics, then, in con-

+ 50 term. The reason is that a purchaser of the right to exploit the work will pay nothing for the extra twenty years because those putative additional years can be freely terminated, along with whatever remains of the current period, before they ever begin. *See* Sterk, *supra* note 19, at 1217-20. Admittedly, at the time termination rights accrue, the holder of the termination right, who will be the author or his descendant, may have a better estimate of the work's survival value than was possible at the point of creation. Therefore, an additional twenty years of duration at that time may increase the work's value to the rightholder. However, if the holder of the right is in fact the author, the additional twenty years will hold minimal value since by hypothesis the term has at least fifty years to run. Given the riskiness of any investment in a copyright, even one with continued value after thirty-five years, the present value of a life plus seventy copyright will not be significantly greater than that for a life plus fifty one. If, on the other hand, the author has been dead thirty years when the termination right accrues, the forty year duration of the descendant's post-termination rights under a life plus seventy scheme may well render those rights more valuable than if the remaining period were only twenty years. Thus, the enacted system will give some differential economic benefit to some authors' descendants that is not present under the life + 50 system, namely those who make use of termination rights long after the author's death. What is not clear, though, is whether there is evidence to demonstrate that providing such an uncertain benefit to these heirs would stimulate authors to greater production. Comment of Copyright Law Professors on Copyright Office Term of Protection Study, Oct. 27, 1993, at 7-8.

[34] Jerome N. Epping, Jr., *Harmonizing The United States and European Community Copyright Terms: Needed Adjustment or Money for Nothing?*, 65 U. CIN. L. REV. 183, 214-15 n.192 (1996); RICHARD A. POSNER, ECONOMIC ANALYSIS OF LAW 46-47 (5th ed. 1998) ("as a result of discounting to present value . . . the knowledge that you may be entitled to a royalty on your book 50 to 100 years after you publish it is unlikely to affect your behavior today"); Affidavit of Hal R. Varian at par. 3, 5-11, Eldred v. Reno, *supra* note 30. A 10% rate yields a result of $.00078. That fact means that an investment that requires spending more than one cent now in return for a dollar fifty years in the future is not attractive from an economic point of view. In addition, significant risk attends the production and sale of many intellectual and artistic goods, and riskiness elevates the discount rate. At 15% the result would be $.000028. If we were speaking of the case of a dollar due ninety-five years from today, the present value would be even more minute. At a 10% discount rate, the result would be $.000117; and at 15% $.000002. *See generally* YALE M. BRAUNSTEIN *et al.*, Economics of Property Rights as Applied to Computer Software and Data Bases IV-18 (1977) (if discount rate increases, then optimal period of protection decreases); F.M. Scherer, *Nordhaus' Theory of Optimal Patent Life: A Geometric Reinterpretation*, 62 AM. ECON. REV. 422, 424 (1972) (determination of socially optimal patent life must take account of diminishing return effect

cluding that the additional creation incentives provided by a twenty year increase in the copyright term will be minute. On the other hand, films or recordings which last seventy-five years or more may be uniquely valuable ("classics"); and extension of the copyright term may make it more likely that proprietors of these works can raise their prices above the competitive level, while it is progressively less likely that any such power will have influenced the decision to perform or produce. Indeed, contrary to what is often asserted or assumed,[35] the fact that a particular work enjoys lasting popularity is not a reason to extend the term of copyright but rather a reason to limit it.[36] Its continued value heightens the interest in wide-

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arising from fact that later years' monopoly rents are discounted more heavily than those in early years). Put more generally, as a motivator of behavior distant benefits tend to be considerably less persuasive than relatively immediate advantage.

The point about de minimis incentive effect is made in strong, non-mathematical terms in 1 THOMAS B. MACAULAY, MISCELLANIES 241 (1901) (parliamentary speech of Feb. 5, 1841).

[35] *See, e.g.*, 141 CONG. REC. S3392 (daily ed. Mar. 2, 1995) (statement of Sen. Orrin G. Hatch introducing the Copyright Term Extension Act Of 1995).

[36] GUINAN, *supra* note 5, at 32-33:

> It can be argued that if commercial value is significant in regard to the length of term, it leads to a conclusion against, rather than for, a longer term. The argument might be stated as follows:
>
> It is of little significance to the public at large what happens to works which have no commercial value at the end of the term. Few will wish to use them. Such works will not be exploited in a variety of editions, recordings, productions or the like. It is the works which still have commercial value which should fall into the public domain as soon as the constitutional purpose [of inducing creation by provision of an adequate incentive] has been achieved (rather than continuing protection for the benefit of remote heirs), for it is the works which still have commercial value from which the public will benefit in the form of more numerous and varied editions, recordings and productions.

See id. at 26, 32. In the case of the great work of lasting social value copyright's tendency, through higher prices, to impede dissemination is especially harmful to the cause of learning. *See generally* BRAUNSTEIN, *supra* note 34, at IV-1-2 ("the sooner restrictions on use . . . are lifted, the more useful will that . . . item be to society"). After all, while copyright policy is designed to reward creative intellectual effort so as to induce talented people to pursue it, it also aims to make the results of their genius available to as many people as possible as quickly and as cheaply as possible. Its goal is not to supply income to descendants for the full economic life of the work. The constitutional concept of a limited term of copyright protection rests on the idea that we *desire* works to enter the public domain and become part of the common cultural heritage that provides a rich collective source on which to found new works. *See* Netanel, *supra* note 19, at 368-69.

In a similar vein Senator Hatch cited the historical significance of the 1927 movie *The Jazz Singer*, the first sound film to be commercially released, in

spread dissemination and underlines the contribution to national culture and learning which follows from its entrance into the public domain where it can function as a building block of intellectual and imaginative activity.[37] Thus, at a time when the markets for copyrighted works are increas-

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support of the term extension legislation. *See* 141 CONG. REC. S3392 (daily ed. 1995). However, it is surely the historical importance of the movie that dictates allowing it to enter the public domain so that film historians and others can fully and effectively use it. As long as it remains protected, important uses will not occur due to the royalty and transaction costs involved in obtaining permission from the copyright owners.

[37] *See generally* BRAUNSTEIN, *supra* note 34, at III-16 (assumption that appropriate length of protection does not exceed the expected economic life of the property); *id.* at I-11 n.1:

> In general. . .the optimal period of protection will be less than the useful economic life of the item covered. This is necessary in order to make sure that the net gains from the project are shared by the investor and by the general public. Obviously, the latter's gains are limited until after the expiration of the copyright since before that time the copyright holder may be able to use the monopoly power it confers to extract the bulk of the gains flowing from the copyrighted product.

We do not mean to imply here that expiration of copyright on writings of no great popularity is socially insignificant. Books without commercial value, for instance, may nevertheless be of great scholarly interest or shed light on the social history of the day. The enactment of legislation to extend the copyright term, then, will insulate such works from exploitation—subject to the fair use privilege—for whatever scholarly value they may have for an additional twenty years and thus will deprive the public of any scholarly value such works might have during that additional period. Oscar Cargill & Patrick A. Moran, *Copyright Duration v. The Constitution*, 17 WAYNE L. REV. 917, 925 (1971). *See also* John P. Barlow, *The Economy of Ideas: A Framework for Rethinking Patents and Copyrights in the Digital Age (Everything You Know about Intellectual Property is Wrong)*, WIRED, March 1994, at 84, (generally information is perishable, but yesterday's papers are quite valuable to the historian). Under the pre-1976 law such works of little commercial value would fall into the public domain after twenty-eight years.

Indeed, during the copyright revision process Congress was faced with proposals for retaining the renewal term or limiting the term for unpublished works in response to the concern that since a large majority of copyrighted works were not renewed, a life plus fifty term would tie up a substantial body of material of no commercial interest which would be more readily available for scholarly use if free of copyright restrictions. A large number of unrenewed works had scholarly value to archivists, historians, and specialists in a variety of fields. Ultimately, Congress concluded that the benefits of a life plus fifty term outweighed these disadvantages. *See* H.R. REP. No. 94-1476, at 136 (1976). That conclusion is questionable, but it is surely dubious that the case for life plus seventy outbalances these interests. Such an extension will significantly impede the efforts of archivists and educators to preserve and transmit portions of our cultural heritage. *See* BARD & KURLANTZICK, *supra* note 12, at 71-74, 120-33, on some of the difficulties copyright poses for the historical enterprise.

ing and businessmen are rarely moved by any but quick-return considerations, proposals for the prolongation of copyright seem out-of-place.

Professor Landes and Judge Posner properly observe that in analyzing the wisdom of an extension of the copyright term, not only must the additional revenues to be earned by authors and publishers from the extra twenty years be discounted to present value, but so also should the added costs to authors of new works due to the increase in time before source works will enter the public domain.[38] Such parallel treatment, dictating entries on both sides of the ledger, is called for if the increase in the term is prospective — that is, if the addition of twenty years applies only to those works which are created and fixed after the effective date of the legislation. However, such prospectivity characterizes neither the 1976 Revision Act nor the extension legislation which was enacted in 1998. Under the Term Extension Act the term increase of twenty years applies to existing copyrights as well.[39] Indeed, that was a prime objective of some of the interest groups lobbying for the change.[40] The unbalanced result is that while benefits in terms of incentives to creation or publication will be negligible, if not non-existent (due to the time value of money),[41]

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38 Landes & Posner, *supra* note 24, at 362.

39 *See* Term Extension Act, sec. 102.

40 *See, e.g.*, Ralph Blumenthal, *A Rights Movement With Song at Its Heart*, N.Y. TIMES, Feb. 23, 1995, at C13 (Amsong, group of heirs of songwriters, seeks legislation extending copyrights on pre-1978 compositions to 90 years after composition). *See generally* Peter A. Jaszi, *Goodbye to All That — A Reluctant (and Perhaps Premature) Adieu to a Constitutionally-Grounded Discourse of Public Interest in Copyright Law*, 29 VAND. J. TRANSNAT'L L. 595 (1996) (alternative, and unwelcome, vision of copyright underlies support for retroactivity).

Moreover, and unfortunately, to maintain royalty revenues on those few works from the 1920s and 1930s that have contemporary economic viability it was necessary to extend the copyrights on *all* works. Thus, letters, manuscripts, forgotten movies, out-of-print books, and other potential sources on which current scholars and authors can base new works will have been removed from the public domain for an extra twenty years in order to insure continued protection for Irving Berlin songs. Robert A. Gorman, *Intellectual Property: The Rights of Faculty as Creators and Users*, ACADEME, May-June 1998, at 14, 18. As a result, the historian, for example, who wishes to make use of any work from this period will have to conduct complex negotiations to do so. Faced with the complications of tracking down and gaining consent from all those who may have a partial interest in the copyright, the historian may well elect to pick a topic that poses fewer hurdles and annoyances.

41 Professor Miller, however, claims that the discount calculations which underlie the proposition that the present value of a future copyright advantage is insignificant are in error because they fail to take proper account of inflation. He puts his criticism as follows:

the increase in the cost of expression due to constriction of the public domain will be immediate and significant as the legislative change applies to borrowing from all works, both those in existence and those not yet produced.

An increase in the copyright term, then, is hardly costless; and the claim that the extension legislation will not harm American consumers and users is patently false. The costs of an increase include both the wealth transfer payments to copyright owners during the period of the extension from consumers and producers who would otherwise have unrestricted use of works and also the loss to the community of works that are not authored because of the diminished public domain.[42]

> [Professor Kurlantzick] fails to see that the dollar value placed on future copyright advantages will increase more or less in proportion with the inflation rate. That is to say, if the dollar loses 90% of its value over the next 75 years, then the cost of goods and services will be roughly 90% higher in 75 years than it is today.

Miller, *supra* note 15. This criticism betrays a misunderstanding of both the meaning of inflation and of its policy implications.

From the point of view of impact on incentives, the critical perspective is that of the person deciding whether or not to invest in the production and distribution of an intellectual or artistic work. Assume that in making that decision the potential producer estimates the long term return on his investment and, as a component of that estimate, he determines that he will earn $100 in today's prices in seventy-five years. To complete the calculation he will discount that $100 to its present value by applying an appropriate interest rate. This discounting process reflects the time value of money, the fact that he will have to wait to receive the income and that earlier availability is worth more to him than later availability. Assuming a positive rate of interest, the more distant the deferred income the lower its present value. And this discounting of future income has nothing to do with inflation.

It is true that inflation — a rise in the general level of prices of goods and services — will likely affect the nominal price at which his goods are sold in the future and therefore his dollar receipts. However, as long as everything else costs more, the additional dollars he receives will not be worth more in terms of purchasing power. Thus, while inflation may increase the nominal number of dollars received, it will also decrease the purchasing power of those dollars. The result is a wash. Apparently what Professor Miller has done is to factor in a relevant element on one side of an equation but not on the other. Or, as a noted political columnist observed in a different setting, "It is like arguing that anyone should be able to walk from California to New York in a few hours, since the Earth's rotation is hurtling us all eastward at a rapid pace. Never mind that California and New York are also hurtling eastward at the same speed." Michael Kinsley, *The Thinker*, THE NEW REPUBLIC, August 14, 1995, at 36 (book review of *To Renew America* by Newt Gingrich).

[42] As noted, the costs generated by any lengthening of the duration of protection are significantly heightened if that change, as in the Copyright Term Extension Act, is made retroactive, thereby extending the period of protection for

These wealth transfer (inefficiency) and public domain contraction costs both reflect the problem to which copyright is a response and the character of that response. Put simply,[43] copyright law assumes that, in the absence of public subsidy, authors and publishers will not invest sufficient resources in creating and publishing original works — with the resultant social loss of the desired quality and quantity of works — unless they are promised rights that will permit them to control and profit from their works' commercial distribution.[44] The prediction of suboptimal produc-

existing copyrights. The Copyright Term Extension Act does not limit the grant of an additional twenty years of protection to works fixed after the date of the legislation but confers that increase on existing works as well. *See* Term Extension Act, sec. 102(d). But neither incentive nor equity considerations warrant retroactive application of a term change. *See* BARD & KURLANTZICK, *supra* note 12, at 181-89. Retroactivity has no positive incentive effects as the works to which additional protection is being granted have already been created and published; and the copyright holder gets the extension whether or not he produces anything more. Affidavit of Hal R. Varian, at par. 4, 12, *supra* note 34. The result will be a windfall to an assemblage of publishers, heirs, estates, and perhaps a few old authors at the expense of users (*e.g.*, readers) and future authors. *See* Patrick Parrinder, *Who Killed Clause 29?*, TIMES LITERARY SUPPLEMENT, Feb. 9, 1996, at 16 (twenty year windfall, at public expense, to beneficiaries of H.G. Wells estate). And such a change may be unconstitutional. In fact, a lawsuit has been filed challenging the constitutionality of the retroactivity provisions of the Copyright Term Extension Act. *See* Eldred v. Reno, *supra* note 30 (plaintiffs claim retroactive extension violates copyright clause, First Amendment, and public trust doctrine; plaintiffs also argue prospective provisions violate First Amendment). That challenge has been curtly rejected by the trial court, and an appeal is underway. *See* ELDRED V. RENO, 74 F. Supp. 2d 1 (D.D.C. 1999) (request for declaratory judgment denied, concluding Act is constitutional; judgment on pleadings for defendant). The most significant and unambiguous impact of retroactivity will be to increase producers' revenues at the expense of consumers and the public domain. This legislative change holds out the real counterproductive possibility of a net decrease in the creation of new works.

43 For a more elaborate and qualified statement, *see* BARD & KURLANTZICK, *supra* note 12, at 19-56.

44 For criticism of these assumptions, *see* note 50 *infra*. The basic premise is that authors and publishers, like other people, will not invest in productive activities unless they expect to reap the rewards. If it is uncertain that the anticipated rewards can be appropriated, the value of expected returns will be adjusted downwards, and a lower or no investment made. Because creators and distributors would have lower expectations of recovering costs and of profiting by their efforts, there would be less creative activity. Without legal intervention, writers and artists, like inventors, risk the loss of control of their creation and, with it, the loss of financial returns; they face complete profit dissipation by free entry. The societal fear is that intellectual and artistic works that would be worth more to consumers than the expense of creating them will not be produced because the financial incentives for their

tion and dissemination of new information with commercial or artistic usefulness in the absence of protection is rooted in the significant cost advantage enjoyed by duplicators and the peculiar public good characteristics of literary, musical, and artistic creations.[45] Since the initial producer typically incurs a significant, fixed cost that the duplicator avoids, the duplicator is usually able to undercut the original producer. Authors and publishers, faced with this prospect of unrestricted duplication and price reduction, will limit or eliminate their investment in the creation and dissemination of intellectual and artistic works. Because their expectation is that they can not easily recover enough money through market transactions to justify the expense of producing their works (or foregoing other profitable uses of their time and talent), the suboptimal result will be "too

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production are inadequate. A legal regime which forbids reproduction or other use of a work without permission of the author or his assigns and thereby internalizes benefits to creators, *i.e.*, copyright, represents a response to this feared economic inefficiency.

[45] Sound recordings, recorded performances of music, provide a good example of these advantages and characteristics. They are peculiar economic goods. Like books, almost all the costs of producing the product are expended on the first record, which requires large inputs of labor and some capital by composers, performers, producers and recording engineers. Thereafter, any number of additional records may be produced at a nominal additional per unit cost. In view of the high cost of the first record, record companies cannot price their records anywhere near that cost. Rather, they must hope to sell a large number of records at substantially lower prices and to recoup their initial costs through a large volume of sales. However, the large proportion of fixed versus marginal costs involved in record production — the fact that most of the costs of record production are incurred before the first record is produced — and the cheapness of increasing the supply of records means that duplicators can easily undersell the original producer. Moreover, if duplicators only reproduce successful records, they would enjoy a double advantage over the original producer. They need not make the expenditures to produce the first recording, and they need not recoup losses from failures. If duplication were unrestricted, the extremely low capital costs of duplicators would attract sufficient entrants to drive record prices down to the level of variable production costs. This price would be well below that required to maintain the solvency of an original record producer. Thus, the incentive to produce would be destroyed by the prospect of widespread reproduction by "freeloaders." A scheme of unrestricted copying would lead to a situation where artists and record companies could not recover the cost of their recording and production done in the hope of financial reward would cease. In the absence of legal protection, uncompensated duplication and sale of recorded performances would lower the rate of return and weaken the economic incentives for artists and record producers to the point where consumers will be deprived of the variety of musical experience they desire (and now enjoy).

little" creative activity; original forms of expression will be underproduced and underdisseminated.[46]

The answer given by intellectual property law systems to the problems inherent in the commercial exploitation of intangible creations is to provide qualified creators with *temporary* grants of exclusive property rights.[47] The case for legal protection of intellectual and artistic creations itself, though, points to an important internal tension[48] for copyright between its conflicting static (access) and dynamic (incentive) objectives.[49]

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[46] The problem is a divergence between individual and social benefits. An author may devote himself to creative activity for other than economic reasons. If those noneconomic benefits, such as aesthetic gratification and fame, are larger than his projected costs, he will labor to produce that new work. However, in the absence of profits from the sale of the work (or economic payoff elsewhere), he will only produce new works if these direct personal benefits outweigh the costs. But the new intellectual or artistic work will likely be of value to many people other than the author, and the decision about the desirability of inducing new works should take account of that social utility as well. New works should be produced whenever the total benefits to everyone are larger than the costs to authors. Thus, the institutional design issue is to find a way to bring the benefits to others to bear on the author's motivation.

[47] These rights represent a social attempt to achieve a balance in the fundamental tension between providers and users of information. The economic function of the financial returns generated through the copyright system is to give the author of a creative work the opportunity to receive from consumers a return commensurate with the value the consumers place on his creation. This return is designed to provide potential creators with the incentive to produce works the public values. Copyrights allow creative interests to extract a return to their investments in exchange for making available new intellectual and artistic efforts. Society, thus, realizes the twin ends of promoting new creation and having it disseminated by transferring some portion of consumer surplus to producers. In principle, both consumers and producers benefit from this protection. *See* Lloyd L. Weinreb, *Copyright For Functional Expression*, 111 HARV. L. REV. 1149, 1237 (1998).

[48] Netanel, *supra* note 19, at 285:

> Copyright law strikes a precarious balance. To encourage authors to create and disseminate original expression, it accords them a bundle of proprietary rights in their works. But to promote public education and creative exchange, it invites audiences and subsequent authors to use existing works in every conceivable manner that falls outside the province of the copyright owner's exclusive rights. Copyright law's perennial dilemma is to determine where exclusive rights should end and unrestrained public access should begin.

The task is the definition of rights to private use so as to balance the need to permit building on previous knowledge against the need to encourage creativity in the first place. *See* STANLEY M. BESEN, NEW TECHNOLOGIES AND INTELLECTUAL PROPERTY: AN ECONOMIC ANALYSIS 44 (1987).

[49] The principal efficiency question in the economics of copyright involves balancing the incentives to induce the production of intellectual and artistic

And in the delicate balance struck between the inducements that authors and publishers require to produce and distribute original works[50] and the latitude that they and others require to draw on earlier copyrighted works in their own productive and educational efforts, the term of protection is a central element.

The grant of protection, then, creates an incentive for the creation and distribution of intellectual and artistic works by providing producers with the right to charge consumers for access to the work and thereby recover their investment. But if the rights established are too extensive,

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works with the cost to society of creating deadweight loss from supracompetitive pricing (the lost value of the output restricted by the single producer). And in judging copyright laws, the social value effected by the creation of additional intellectual works must be contrasted with the decreased output of embodiments of those works which would have been produced without any remuneration to the creator of the work. S.J. Liebowitz, *Copyright Law, Photocopying, and Price Discrimination*, *in* 8 RESEARCH IN LAW AND ECONOMICS 181, 183-86 (John Palmer & Richard O. Zerbe, Jr. eds., 1986). *See* BARD & KURLANTZICK, *supra* note 12, at 22, 47-49 nn.59-61.

[50] In an insightful, stimulating article, Professor Jessica Litman points to a disjunction between the creative process of authorship and the incentive-based notions underlying the Copyright Act and much of the secondary copyright literature. In particular, she pokes holes in the common assumption present in the literature that authors are in fact aware of copyright law. *See* Jessica Litman, *Copyright As Myth*, 53 U. PITT. L. REV. 235 (1991); *see generally* Jessica Litman, *The Exclusive Right To Read*, 13 CARDOZO ARTS & ENT. L. J. 29, 46-48 (1994) (proposition that production and dissemination of works is directly related to degree of protection available too simplistic). However, no matter what one's model of authorship, as long as economic return is the central consideration for publishers, *i.e.*, those who invest in dissemination, the copyright law's terms and their effects on investment return will be of prime importance to decisions to engage in publication or not. That law is designed to permit recoupment for both the initiative in creating material and the investment risked in producing and marketing it. *See* Sam Ricketson, *The Copyright Term*, 23 INT'L REV. INDUS. PROP. & COPYRIGHT L. 753, 784 (1992) (real issue is what length of protection is necessary to ensure continuance of investment by intermediaries that market and disseminate works).

As noted previously, note 46 *supra*, noneconomic motivations may stimulate authors to create. And even if moved by the prospect of economic return, an author may labor to produce a work even though there is no expectation of direct financial reward, as the effort may pay off financially in another market. In actuality, authors of different kinds of works undoubtedly respond to economic and noneconomic inducements in considerably differing degrees, and the threats to their livelihoods presented by different sorts of unauthorized uses of their works differ significantly by context.

The point here is not that authors and performers should go uncompensated, but that the traditional rhetoric of copyright apologetics should be taken with a grain of salt.

i.e., greater than necessary to secure the desired quantity and quality of works, the outcome will be the imposition of costs on users without any compensating social benefits. Monopolists, after all, tend to discourage use of a good by overpricing it; as a result, some consumers will be unable to enjoy the work, leaving them worse off than they would have been in the absence of the legal protection.[51] Accordingly, unless proposed stronger rights, such as extending the copyright term, enhance the incentive to author new works, the result of their adoption will be simply to increase the costs to the public and to deprive that public of unrestricted access to works that would have been created in the absence of these stronger rights. And indeed, the extremely lengthy term of protection put in place by the Term Extension Act constitutes such a violation of the social bargain. That legislation extends the period copyrighted works will remain subject to control of copyright holders rather than become part of the public domain for twenty years without any significant compensating benefits[52] and with decided potential harm to the healthy advance of science and culture. Rather, all the benefits of the extension will go to producers in the form of increased revenues. The distorted situation is one of imposition of costs without the provision of public benefits in exchange for which the society agreed to pay those costs — a genteel form of theft.

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[51] A grant of rights which is too extensive, whether in terms of the items which fall within the protection, the scope of that protection or its duration, may impose a significant social cost in addition to the limitation of access to resulting works by consumers and later authors. Such overprotection also raises the prospect of inefficiency across industrial sectors. That is, it would lead to overinvestment in and overproduction of goods in the copyright-based sectors of the economy, drawing resources into the production of additional copyrightable works when those resources would otherwise have been more valuably used elsewhere in the economy. Copyrighted works, after all, compete not only with other copyrighted writings but also with all other products that might be produced with the same resources. Lunney, *supra* note 19. Advocates of copyright (and patent) protection often overlook as a cost of protection the alternative output which the resources would yield in other employment. *See* Alfred C. Yen, *Restoring the Natural Law: Copyright as Labor and Possession*, 51 OHIO ST. L.J. 517, 543 n.164 (1990). Thus, if a shift of resources were induced by a reduction in protection, such a shift would not necessarily be harmful, for the resources may move into fields of at least equivalent social value.

[52] Of course, it is true that uniform adjustments of copyright law, such as an increase (or decrease) in the term of protection, may well affect some industries quite differently than others. BARD & KURLANTZICK, *supra* note 12, at 34 n.39. But it is implausible to conceive any contemporary publisher, no matter the industrial setting, for whom a change from seventy-five to ninety-five years of protection would produce significant incentive effects.

B. Term Expiration and the Availability of Works

Another argument of advocates of term extension questions the beneficial effects of the expiration of protection on the availability of works. As Professor Miller asserts:

> [W]orks of art become less available to the public when they enter the public domain — at least in a form that does credit to the original. This is because few businesses will invest the money necessary to reproduce and distribute products that have lost their copyright protection and can therefore be reproduced by anyone. The only products that do tend to become available after a copyright expires are "down and dirty" reproductions of such poor quality that they degrade the original copyrighted work.[53]

Similarly, the NMPA claims that the public availability of works is often diminished, rather than increased, when they enter the public domain with the result that there is a lack of quality copies of many works after their term has expired.[54]

Two prime concerns appear in these statements. The first emphasis is a contention that the price of public domain works is frequently not lower than that of works under protection so that the value of wider availability is not served by a decision not to increase the term. The second concern is that public domain reproductions will be of inferior quality. The first contention is unpersuasive as it contradicts accepted microeconomics and some powerful contemporary empirical evidence, though it is worth noting why in a particular situation the price of a work might not decline. As for the quality of reproductions, it is not clear that this reference points to any problem worthy of social concern; *i.e.*, differences of quality in goods are typically handled by the economic system without legal intervention. However, even if a legitimate interest worthy of legal concern may be involved, an increase in the term of copyright protection is most definitely not an appropriate response.[55]

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[53] Miller, *supra* note 15. Miller repeats these flimsy arguments at more length in Arthur R. Miller, *Copyright Term Extension: Boon for American Creators and the American Economy*, 45 J. COPYR. SOC'Y 319 (1997). A similar claim, rooted in a dismissive and inaccurate view of the value of the public domain, appears in the House Report accompanying the 1976 Act, being offered there to support the increase of the term of protection then to life plus fifty. H.R. REP. NO. 94-1476, at 134 (1976).

[54] *See* Comments of the NMPA, *supra* note 16, at 6.

[55] Our focus here is on the first, and prime, contention. To the extent that the concern about the quality of reproductions of public domain works is legitimate, it can be met without recourse to an extension of the term of protection; such a response, in fact, constitutes massive overkill. We address this

The contention of the lesser availability of works after the expiration of copyright is of suspect credibility because it is at odds with the tenets of accepted microeconomics.[56] Application of those tenets here indicates that all things being equal, expiration of copyright protection can only push in one direction, the direction of lower price, *i.e.*, price lower than would exist if copyright had not expired. Entrance of the work into the public domain means the elimination of one of the costs of production. The prospective publisher need no longer identify, bargain with, or pay a fee to the copyright proprietor. The effect of this reduction in the cost of a factor of production is a willingness of the producer to supply more of the good at each possible price. Expressed graphically, the change produces a shift of the supply curve to the right and downward. Assuming that demand is constant, the equilibrium or market-clearing price will drop; an increase in supply has a price-decreasing and quantity-increasing effect.[57] Another way to put the point is that under competitive conditions, price moves towards marginal cost, and the expiration of copyright removes one of the marginal costs of production. That process serves the interest in availability and exemplifies what has been termed "the competitive mandate"[58] — the social commitment to cheap and plentiful satisfaction of wants via a norm to produce goods as cheaply as we can unless reason to depart from the competitive process is shown. The opportunity for competitive, and therefore cheaper, dissemination of intellectual and artistic works is the means by which the betterment of the general public is achieved.

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second concern at length in BARD & KURLANTZICK, *supra* note 12, at 66-71, 108-19.

[56] Even if Professor Miller's erroneous contention were accepted, we note that it speaks to only a small portion of the full range of values represented by the public domain. Whether or not public domain status tends to encourage republication of works, it does aid a wide range of other new uses, including translation, adaptation to new media, and scholarly criticism. Professor Jaszi makes this point well in his testimony before the Senate Judiciary Committee. He also notes that public domain status provides some works a new lease on popularity and offers examples to support the proposition that publishers do, in fact, compete to offer new editions of popular public domain works. *See The Copyright Term Extension Act of 1995: Hearing on S. 483 Before the Senate Judiciary Comm.*, 104th Cong. 73 (1997) [hereinafter *Senate Hearing*] (statement of Peter A. Jaszi).

[57] *E.g.*, CAMPBELL R. MCCONNELL & STANLEY L. BRUE, ECONOMICS: PRINCIPLES, PROBLEMS, AND POLICIES 54-62 (12th ed. 1993).

[58] Paul Goldstein, *The Competitive Mandate: From Sears to Lear*, 59 CALIF. L. REV. 873 (1971); Robert A. Gorman, *Comments on a Manifesto Concerning the Legal Protection of Computer Programs*, 5 ALB. L.J. SCI. & TECH. 277, 285-86 (1996); Ralph Brown, *Unification: A Cheerful Requiem for Common Law Copyright*, 24 UCLA L. Rev. 1070, 1093, 1105 (1977).

More concretely, with the lapse of copyright, new, more varied, and better editions of great novels can be offered.[59] Orchestras can begin playing music that requires a great deal of rehearsal because they no longer have to pay large royalties. Derivative works such as musical plays and films based on literary creations[60] can be produced without risk. And the authoritarian estates of certain authors can no longer censor interpretations of an author's work with which they disagree or prevent critical biographers from quoting works freely.[61] In short, whenever copyright expires on a work, the public's access is almost always improved.[62]

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[59] Patrick Parrinder, *The Dead Hand of European Copyright*, 15 EUR. INTELL. PROP. REV. 391 (1993) (as soon as copyrights of D.H. Lawrence, W.B. Yeats, James Joyce and Virginia Woolf expired, competing paperback editions of their works appeared; for first time, readers given choice of text and publishers had incentive to produce better and cheaper editions). In addition, the impending termination of copyright protection stimulates improved versions of classic works. Extension of protection will postpone the appearance of these improved editions. *See* John Sutherland, *The Great Copyright Disaster*, LONDON REV. OF BOOKS, Jan. 12, 1995, at 3.

[60] Recent examples of the public benefit flowing from imaginative freedom to author derivative works from the public domain are the high quality films based on the works of Jane Austen, *Emma*, *Persuasion*, and *Sense and Sensibility*.

[61] *See* Parrinder, *supra* note 59, at 392 (literary scholarship significantly facilitated by expiration of copyright: "As authors approach classic status there is a growing need for definitive editions, for critical commentaries including quotation, and for extracts to be reprinted in anthologies. Where the work is in copyright, permissions for these acts of exploitation is very frequently refused.") *See generally* L. Ray Patterson, *Copyright and "The Exclusive Right" of Authors*, 1 J. INTELL. PROP. L. 1, 4, 17-18, 25 (1993). Professor Patterson argues that the limitations on congressional power expressed in the copyright clause are designed to protect against the misuse of copyright. Misuse would take place if a copyright proprietor used copyright as a means of information control to inhibit rather than promote learning. The expiration of the term of protection removes the risk that historians and biographers will be inhibited from offering independent assessments of earlier authors and their writings by descendants who, for whatever personal reasons, employ copyright to prevent the publication of parts of protected writings. *See also* David Vaver, *Some Agnostic Observations on Intellectual Property*, 6 INTELL. PROP. J. 125, 136-39 (1991) (examples of use of copyright for purposes of censorship by public and private agencies).

Attempts by copyright owners to use their proprietary rights to suppress personal, social, or political criticism are at odds with copyright's democracy-enhancing goals. Netanel, *supra* note 19, at 294-95. And the more expansive the definition of copyright the more likely and the easier its invocation to impede criticism.

[62] Richard Morrison, *New Rights for all the Wrong Reasons*, THE TIMES, Feb. 18, 1995, at 5. *See* Parrinder, *supra* note 42, at 16 (cheaper, more definitive

The microeconomic propositions, though, do not mean that whenever a work's protection expires, a new cheaper edition of the work will appear. For example, even with the cost reduction, there may not be enough demand to justify putting out a new edition. The obstacle here — the lack of demand to call forth a new edition — does not exist because the expiration of copyright is irrelevant, and therefore this situation does not support the conclusion that copyright expiration is irrelevant to production. Similarly, there may be "stickiness" in the process by which the cost reduction gets translated into decisions. Again, such a situation would not support the proposition that expiration of copyright has no relevance for publication of works. Indeed, the publication of a new edition at a higher price would not necessarily be inconsistent with our economic propositions, as the work might not have been published at all in the presence of the copyright cost. The proponents of an increase in the copyright term seem to assume that the only proof that copyright expiration is relevant is a reduced price; and if a new edition appears without a price reduction, copyright expiration is therefore irrelevant. But as we have indicated, neither the assumption nor the conclusion is valid. The absence of copyright can manifest itself in a variety of ways leading to wider availability of works.

There is also strong contemporary evidence which tends to refute the advocates' contention of diminished availability of public domain works. American producers of entertainment products and computer software have been in the forefront of those complaining about and urging action against the unauthorized reproduction of American goods in foreign countries. The lack of effective protection abroad permits local manufacturers to reproduce a work without concern for copyright payments, and to sell the duplicates at prices below those charged by the original American producer. In other words, in environments where reproduction is unrestricted as a matter of law or fact, instances of *de jure* or *de facto* public domain, the result is widespread availability of the goods at reduced prices.[63] The irony is apparent — the same industries which point to widely available, lower priced "public domain" reproductions when seeking tougher national and international action against duplicators deny the existence of

editions with copyright expiration); GUINAN, *supra* note 5, at 26 ("greater probability of more varied editions of works of lasting value, and a wider opportunity to distribute existing works competitively, and use them as the basis for new creation, if they are freely available").

63 *See, e.g.*, Mike Trickey, *Russia: "Pirates" Profit Selling Cut-rate Movies, CDs*, THE OTTAWA CITIZEN, July 24, 1995, at A6 (widespread duplication of computer software, videocassettes, and compact discs; the CDs sound just like the originals); BENEDICTE CALLAN, PIRATES ON THE HIGH SEAS: THE UNITED STATES AND GLOBAL INTELLECTUAL PROPERTY RIGHTS 27, 32-37 (1998). A focus of the criticism has been on how perfectly and quickly "pirates" can reproduce works.

these same reproductions when seeking an increase in the copyright term.[64]

A related confusion is expressed by other proponents of term extension who claim that without the market exclusivity that copyright offers, there is no incentive to distribute public domain works.[65] One of the errors in this line of thinking is the assumption that the same policy imperative that applies at the time of initial creation and dissemination also applies at later times. Exclusive rights and the prospect of supernormal profits are held out in order to solve the unique problem flowing from the initial producer's cost disadvantage and the distinctive economic characteristics of intellectual and artistic works. However, once the work has been created and a time sufficient to recoup investment has passed, there is no more reason to assume a call for monopoly profits or subsidy here than with any other product. At that point the artistic good is no different from any other, and the same incentive for distribution applies. As with

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[64] The erroneous contention that the absence of copyright protection will not yield a price decrease and therefore will be of no benefit to the consumer echoes some similar claims which recur in the history of congressional consideration of copyright policy. Thus, for example, in the House hearings on the bill which first extended federal copyright protection to sound recordings (the McClellan anti-piracy bill), it was suggested that if copying by duplicators (record pirates) were permitted, the response of the record companies would be to raise their prices in order to cover the loss of revenue to pirates. *See Prohibiting Piracy of Sound Recordings: Hearings on S.646 & H.R. 6927 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92d Cong. 21-22 (1971). This conclusion and the assumptions on which it is based are erroneous. *See* MEHEROO JUSSAWALLA, THE ECONOMICS OF INTELLECTUAL PROPERTY IN A WORLD WITHOUT FRONTIERS 25, 91 (1992). From the perspective of the initial producer, "piracy" is an activity which does not increase his cost but which does decrease demand for his product. If we assume the original producer was maximizing his return prior to the spread of copying, he would not rationally respond to a decrease in demand by raising his price. Indeed such a response might exacerbate the reduction in demand. The more likely response by the initial producer would be to decrease his price. An increase in price would be feasible only if we assumed — and we have no reason to so assume — that the original producer had some degree of monopoly power which he had not been previously exercising.

[65] *Hearing Held On Possible Extension Of Copyright Term*, 46 PAT. TRADEMARK & COPYRIGHT J. (BNA), at 467 (Sept. 30, 1993) (remarks of Susan Mann, NMPA, and Bernard Sorkin, MPAA):

> Mann stressed that a work that enters the public domain does not necessarily benefit the public because the public may never see it. Without the market exclusivity that copyright protection brings, there is no incentive to distribute the work, she reasoned. Bernard Sorkin, appearing on behalf of the Motion Picture Association of America, agreed, calling public domain works 'essentially worthless.'

other goods, distribution will occur if the distributor can cover the costs of distribution plus a normal profit.[66]

C. *Term Extension and the Subtle Costs of Copyright Protection*

The emphasis of proponents of term extension on the lack of benefit from copyright expiration, in particular the misguided contentions that public domain works will be of inferior quality and no cheaper, focuses attention on the reproduction of entire works. This focus on reproduction in whole of works tends to deflect thought from the more subtle costs that copyright protection imposes and other related considerations of importance in thinking about duration. These costs include the opportunity for censorial use of the copyright power by the copyright proprietor, whether by the suppression of material which he deems to reflect poorly on himself or an ancestor[67] or by the imposition of restrictive conditions on the interpretive performance of the work so as to produce artistic frustration and

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[66] *See* GUINAN, *supra* note 5, at 26 ("It is basic to our economic system that profits in this area should be gained by more efficient manufacture, better distribution and the like, rather than by perpetual protection, once the purpose of the protection for a limited times has been achieved.")

[67] *See, e.g.*, Sutherland, *supra* note 59, at 3 (permission denied to prospective books disliked by estate of authors, such as Eliot and Joyce); Caroline Fraser, *Mrs. Eddy Builds Her Empire*, N.Y. REV. BOOKS, July 11, 1996, at 53, 57 (Christian Science Church permits access to archives to only those with a sympathetic approach to Mary Baker Eddy and Christian Science, thereby exercising censorial control over critical uses of existing works); Religious Tech. Ctr. v. Netcom On-Line Communication Servs., 923 F. Supp 1231 (N.D. Cal. 1995) (Church of Scientology invokes copyright to impede critics from bringing to public view allegedly fraudulent Church practices).

While it is impossible to know how many works are not created because of the new authors' inability to negotiate a license with present copyright holders, there is evidence that the instances are not insignificant. In his classic reflections on copyright law a half century ago, Professor Chafee offered examples in which descendants' veto power deprived the community of valuable works. *See* Zechariah Chafee, Jr., *Reflections on the Law of Copyright: II*, 45 COLUM. L. REV. 719, 725-30 (1945). Use of the veto power of copyright by authors' descendants is not just a historical curiosity. Troubling contemporary manifestations of such use persist. *See* Anthony Haden-Guest, *Picasso Pic Has Heirs Seeing Red!*, THE NEW YORKER, Aug. 21 & 28, 1995, at 53 (assertion of rights by Picasso's estate to prevent the use of any of the artist's pictures in a film biography of Picasso the content of which is disagreeable to the estate); James E. Person, Jr., *Plath's "Bell Jar" Firmly Sealed*, THE VIRGINIAN-PILOT & THE LEDGER-STAR, May 22, 1994, at C3 (censorship by Ted Hughes, husband of Sylvia Plath, and his sister Olwyn, Plath's literary executor, of the work of serious biographers who wish to quote Plath's poetry; work quoting from written material by Plath must be cleared by the Hughes family; and the Hugheses have gone to extraordinary lengths to restrict and manipulate what is written about Plath);

sterility.[68] These inhibiting effects are not limited to explicit acts of censorship but encompass, as well, self-censorship by authors and publishers fearful of litigation,[69] particularly with respect to the use of unpublished materials. In addition, those effects are heightened by the vagueness and accompanying unpredictability of copyright's limiting doctrines, such as fair use and the idea-expression and fact-expression dichotomies.

To extend the copyright term is to increase and perpetuate these costs at the expense of, among others, literary critics, biographers, and contemporary historians,[70] without the receipt of any obvious productive gain in

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Disputed Harding Love Letters Will Be Locked Up Until 2014, N.Y. TIMES, Dec. 30, 1971, at 1.

Increase of copyright duration, then, adds to the power of distant relatives to control how the stories from the past might be adapted in the future by granting them an extended veto over the use of these aspects of common culture. The muting of transformative expression is the resulting harm to cultural development and expressive diversity.

[68] *See, e.g.*, Simon Hattenstone, *Keep Open the Routes to the Past*, THE TIMES, Nov. 5, 1991, at 14 (D'Oyly Carte Opera Company control of Gilbert and Sullivan comic operas after Gilbert's death; required production be staged in accord with original performances in every detail; not a note of music could be sung differently; result was a mummification of the works).

Judge Kozinski has noted our strong tradition of having things seep into the public domain and as a result make our world a richer place. The fact that we don't have to ask for permission from the descendants of Shakespeare and Beethoven, he observes, "enriches not only the public domain, but the creators themselves, or at least their legacies, because there are people out there who give their works new meaning, by giving them new twists, new interpretations, and new dimensions." Alex Kozinski, *Mickey & Me*, 11 U. MIAMI ENT. & SPORTS L. REV. 465, 467 (1994).

[69] Paul L. Latham, *Copyright Duration*, 50 A.B.A.J. 958 (1964):

> There is another aspect which deserves consideration. That is the stifling effect copyrights may have on other authors and would-be authors who may be restrained from giving full range to their fancy by the fear or threat of an infringement suit, not because they would reproduce a book on which copyright is claimed but because the work they would produce might have enough resemblance to a work on which copyright is claimed to incur an infringement suit or the threat of one.

See, e.g., David A. Kaplan, *The End of History?*, NEWSWEEK, Dec. 25, 1989, at 80 (hesitancy of publishers to publish books quoting from unpublished sources); Pierre N. Leval, *Toward A Fair Use Standard*, 103 HARV. L. REV. 1105, 1107, 1118 n.64 (1990) (publishers reluctant to undertake commitments for biographical or historical works that call for use of unpublished sources).

[70] The Copyright Office itself has shown some recognition that extension will exacerbate the difficulties involved in the use of unpublished materials. At the September 20, 1995 Senate Judiciary Committee hearings on the term extension bill, Register of Copyrights Marybeth Peters expressed opposition to the proposed amendments to section 303. Section 303 of the 1976 Act, which covers works created but not published before January 1, 1978,

exchange. On the other hand, entrance of works into the public domain removes these costs. Public domain status permits historians and other creators to avoid not only the dilemmas and risks posed by fair use but also the uncertainties presented by other difficult-to-apply copyright doctrines when they face the question of whether and how much use they can make of a work. As the work is now freely accessible without the need to obtain consent or pay royalties, any concern about censorship disappears. Similarly, the possibility of self-censorship, which discourages the creation of new works, should fade. Scholarly publication of archival documents can be made without discomfort; and textual and historical criticism of the work can be freely engaged in. The historian need no longer balance the risk of copyright liability against what he regards as professionally sound

provided that all works in this category are guaranteed at least twenty-five years of federal copyright protection. It specified that in no case would copyright in such a work expire before December 31, 2002. In addition, if the work were published before that date, the term would extend another twenty-five years through the end of 2027. Works in this category may be quite old; the unpublished letters and diaries of the Republic's founding fathers, for example, would be included here. Under the 1995 term extension bill, the minimum term of protection guaranteed an unpublished work would have been extended ten years to December 31, 2012, and if the work were published by that date, the term of protection would have extended another thirty-five years to December 31, 2047. Peters opposed these amendments because of the likely harmful effect on archivists, libraries and educational institutions. She offered concrete examples of worthwhile projects that would be seriously impeded and observed that difficulties for scholars are particularly severe in situations, such as letters, where ownership of the copyright interest and ownership of the physical document have become separated. Peters further noted that the fair use doctrine, as a limited exception, would not adequately give these kinds of institutions access to the works. *See Senate Hearing*, *supra* note 56 at 7, 14, 28, 32, 112 (statements of Marybeth Peters, Register of Copyrights); *see generally* Kanwal Puri, *The Term of Copyright Protection—Is It Too Long in the Wake of New Technologies?*, 12 EUR. INTELL. PROP. REV. 12, 16-17 (1990); REPORT OF THE REGISTER OF COPYRIGHTS, *supra* note 8, at 42-43 (manuscripts placed in archives). Most of the works addressed by section 303, of course, have only scholarly value because if they were readily available and had financial value, they would already have been published. Presumably in response to the Copyright Office's misgivings, the Term Extension Act differs from the bills introduced in earlier congressional sessions with respect to changes in section 303. The expiration of the minimum term guaranteed an unpublished work remains at December 31, 2002. However, if the work is published by that date, protection will still be extended twenty years to December 31, 2047. *Compare* S. 483, 104th Cong., sec. 2(c)(1)-(2) (1995) (Copyright Term Extension Act of 1995) *with* Term Extension Act, sec. 102(c) *and* S. REP. NO. 315, 104th Cong., at 5-6, 14-15 (1996).

treatment.[71] Though often neglected, the public domain — a type of intellectual commons in which all have rights to entry — is a central element in the copyright schema, as it serves the social value in easy access to works which educate, enlighten, inform or entertain. More generally, authorship is possible only when future authors are able to borrow from those who have composed before them, and one way to insure access to the building blocks so as to avoid a decrease in production of creative works is to restrict the term and therefore the need to pay a price to borrow.[72] And, in addition, an exceedingly long term also raises First Amendment concerns as the time limit is one pivotal way in which copyright law accommodates to the First Amendment interest in people being able to hear and read as well as express themselves freely.[73]

D. Equitable Considerations: Longevity

Advocates of lengthening the copyright term also offer a set of equitable arguments, rooted in notions of desert, reward for creation of great works, and increased author longevity. None of these arguments are substantial, much less convincing. Longevity, more precisely the increase in

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[71] Extension of the term of protection also creates significant difficulties for the historical enterprise in ways that were not present under our prior durational regimes, particularly under a framework with an initial and then a renewal term. *See supra* note 37; BARD & KURLANTZICK, *supra* note 12, at 186 n.255.

Public domain status also translates into avoidance of the situation where the copyright owner chooses to withhold permission for use solely because the fees a particular user can afford to pay are too small to justify a licensing transaction. Thus, film scholars would be free of the clearance problems they encounter in attempting to license the use of stills and frame enlargements for critical books in the field of cinema studies. *See* Kristin Thompson, *Report of the Ad Hoc Committee of the Society for Cinema Studies, "Fair Usage Publication of Film Stills,"* CINEMA JOURNAL, Winter 1993, at 3; *House Hearings*, *supra* note 11, at 283, 287-89 (statement of Professor John Belton, Society for Cinema Studies).

[72] *See* Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO. L.J. 287, 323-25 (1988). The community of users of public domain materials, whose interests will be negatively affected by a copyright term extension, is numerous and diverse. It includes writers, filmmakers, reprint publishers, video distributors, film scholars, multimedia producers, teachers, and students. Testimony of Professor Jaszi, *supra* note 56.

[73] *See generally* Melville B. Nimmer, *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 UCLA L. REV. 1180, 1193-94 (1970); L. Ray Patterson & Stanley F. Birch, Jr., *Copyright and Free Speech Rights*, 4 J. INTELL. PROP. 1 (1996). In *Eldred v. Reno*, *supra* note 30, 42, a challenge to the constitutionality of the Term Extension Act, the plaintiffs claim that both the retroactive and prospective provisions of the Act violate the First Amendment.

life expectancy among the population, is most frequently cited by proponents as a ground for extending the term of protection,[74] and we will focus on that justification here.[75]

It is difficult, at least at first glance, to see the bearing of this increase in the length of life on copyright policy. It is not immediately apparent why an author's longer life should affect the term of protection and particularly why it should affect the term after death. It appears irrelevant to the objective of providing adequate incentives to authors and publishers; and it will not alter the investment horizon they face. With respect to equitable considerations, the author's natural right entitlement, the claims of the public domain, and the implications of the mix of individual and social contributions to a work are also all unaffected by the fact of increased longevity.

References to increased life span may reflect a concern about authors possibly outliving their copyrights.[76] The disapproval seems to be as much of an aesthetic as an economic character; that is, it is somehow unseemly for the copyright to expire before the author. But it is not clear why this scenario should offend us any more than an inventor outliving his seventeen or twenty year patent. (Also, the author, of course, will not necessarily be the owner of the copyright in the years approaching death.) However, even if that scenario is widely considered offensive, the problem is removed by a term of protection defined by the life of the author. Under that approach, which is adopted by our present Copyright Act, an author can not outlive the copyright. By definition, under a life + X years measure, the term will never expire before the death of the author.[77]

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[74] *See, e.g., Senate Hearing, supra* note 56, at 134-35 (statement of Coalition of Creators and Copyright Owners in Support of S. 483); *id.* at 59 (statement of Ellen Donaldson, Vice President, AmSong). Congress offered the growth in life expectancy as a reason for adoption of the life + 50 term in the 1976 Revision Bill. *See* H. R. REP. NO. 94-1476, at 134 (1976): "Life expectancy has increased substantially, and more and more authors are seeing their works fall into the public domain during their lifetimes, forcing later works to compete with their own early works in which copyright has expired." Copyright law, however, is designed only to protect an author from competing sales of the same title; it is not intended to interfere with competition between titles. Breyer, *supra* note 18, at 327 n.180.

[75] For critical examination of the natural right and recognition-of-great-works arguments, *see* BARD & KURLANTZICK, *supra* note 12, at 141-44, 148-65 (copyright poor vehicle for insuring "due rewards"; term extension will benefit all works, distinguished and undistinguished, with attendant costs).

[76] *See* Blumenthal, *supra* note 40.

[77] Thus, the concern to which term extension advocates advert is largely a red herring and can not arise with respect to any works created after January 1, 1978. Even with respect to works created before 1978 the scenario will be rare since under the 1976 Act those works generally received 75 years of

Moreover, under a scheme which measures the term, in part, by the life of the author, any increase in longevity will automatically produce a longer term of protection. Thus, if authors are living twenty years more than they used to, that change will necessarily yield twenty more years of protection than they had previously enjoyed.[78]

Of course, inherent in a life plus scheme is the possibility of great unevenness in the number of years of protection actually accorded to different works. For example, under the life + 50 formula, a work composed by a seventy year old author who dies at age seventy-five will receive protection for fifty-five years while a work authored by a twenty-five year old who lives to age seventy-five will be protected for 100 years. This possibility is disturbing to many observers.[79] However, this unevenness is built into the structure; and Congress chooses the number of years post mortem which it deems best over the full range of cases. In fact, large disparities and unhappiness with them do not provide grounds for extension of an already generous term to life + 70, but rather offer evidence of the relative desirability of a term measured by a fixed number of years from a set event such as publication.[80]

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protection from the date of publication; accordingly, a combination of a (very) young author and a (very) long life would have been needed to produce the feared scenario.

[78] Accordingly, if authors today are living twenty years more than they did at some past reference point, the net effect of the enactment to raise the number of years of protection after death by twenty will be to extend copyright by *forty* years beyond what prevailed at the time of the historical reference point. N. Dawson, *Copyright in the European Union—Plundering the Public Domain*, 45 NORTHERN IRELAND L.Q. 193, 204 (1994). *See* W.R. Cornish, *Intellectual Property*, *in* 13 YEARBOOK EUR. L. 485, 490 (1993); 1 HUGH LADDIE *et al.*, The Modern Law of Copyright and Designs 513 & n.4 (2d ed. 1995) (logically, increased life span dictates shortening of the protection period because author lives longer to enjoy the benefit of his copyright); William Patry, *The Failure of the American Copyright System: Protecting the Idle Rich*, 72 NOTRE DAME L. REV. 907, 931-32 (1997) (lifespan argument is internally contradictory; increasing term by twenty years leads to protection for four and perhaps five generations, not two).

Recognition that increased longevity is automatically reflected in a life plus regime suggests that longer life expectancy supports retention of the life + 50 term or perhaps even reducing it.

[79] *See* Comments of the NMPA, *supra* note 16, at 4-5. This reaction is not surprising. Making the duration of protection turn on the author's longevity will produce a result which appears "arbitrary," as we do not know when the author will die and the time of his death is not connected to any principle.

[80] *See* ROYAL COMMISSION ON PATENTS, COPYRIGHT, TRADE MARKS AND INDUSTRIAL DESIGNS (CANADA), REPORT ON COPYRIGHT 20-21 (1957) (term which runs for definite number of years from publication is "fairer than one

What more, then, does the recurrent emphasis on the increase in longevity implicate? Perhaps it is a concern for the welfare of the author's grandchildren. There are frequent references by proponents of extension to the need to provide for subsequent generations.[81] But the reasons why a potential producer of intellectual products wants to earn more money — whether it is to support his grandchildren or increase his own standard of living — are irrelevant to the question of an appropriate length for copyright protection.[82] As we have indicated, the considerations pertinent to copyright length are the impact of a particular term on creation incentives balanced against the cost of a particular period of protection to consumers and the public domain.

Also, concern for poor progeny, just as concern for the poor aged author, would better be served by social welfare measures explicitly directed to this problem than by trying to refashion copyright as an income support vehicle.[83] In any case, the free alienability of copyright lends a distinct air of unreality to these contentions about assuring the welfare of

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which is based upon the death of the author in that it makes for greater equality in the treatment of authors").

Early in the copyright revision process, the Register of Copyrights compared the advantages of a term measured from the death of the author and one measured from the time of dissemination and concluded that the latter was preferable. *See* REPORT OF THE REGISTER OF COPYRIGHTS, *supra* note 8, at 47-49. Of course, if the life plus scheme itself is of questionable desirability, one might be reluctant to extend it.

81 *See, e.g.*, *Senate Hearing*, *supra* note 56, at 55, 65.

A rise in life expectancy, however, does not necessarily indicate that the second generation of descendants loses something in comparison with earlier times. The critical figure is the number of years grandchildren survive after the grandparent-author's death. While those grandchildren are living longer, so are the grandparents. Thus, we should expect the current group of authors' grandchildren to remain alive for approximately the same length of time after their grandparents' deaths as at other times in the twentieth century. *See* Parrinder, *supra* note 59, at 393.

82 Imagine a worker who declares, "Pay me five times more than the going rate since I want to provide for my family." A person's desire to take care of his family is irrelevant to the shaping of the economic structure. From an incentive perspective, what motivates a person to be productive is of no concern, and there is nothing "unfair" about the resulting wage the worker receives. Policy makers in this area need to be careful not to conflate the distinct questions of how much a person earns or should earn and what he does with the money once he has earned it.

83 *See* Breyer, *supra* note 18, at 328. As a matter of analysis, to the extent that the focus is on incentives and identifiable ends, one can talk about whether a present or proposed scheme is well designed or not to accomplish these ends. To the extent the focus is on the impact on production, one has accepted standards for criticism of proposed measures. However, once noneconomic and moral concerns are offered separately or mixed in, such

later generations. Both during and after the author's life the copyright interest (or its component parts) is just as likely to be held by a stranger as a member of his family. Indeed, often royalties go to a person who was unknown to the author.[84] There is nothing in copyright law generally which assures the financial benefits of copyright will inure to offspring or near relatives of the author.[85] And there is little in the Copyright Term Extension Act that is designed to insure that the benefits of this extension are received by the author's heirs;[86] and the absence of such provisions

as the claims based on references to longevity and the care of grandchildren, it is difficult to fashion reasoned responses to such claims.

[84] Michael Holroyd and Sandra Jobson, *Copyrights and Wrongs: D.H. Lawrence*, TIMES LITERARY SUPPLEMENT, Sept. 3, 1982, at 943. And these recipients are frequently eccentrically situated. Of course, as the term of protection is lengthened, there will often be more years of protection after the author's death than during his life.

[85] Indeed, if support of two generations of descendants were really the objective, Congress should be thinking about prohibitions on copyright transfers or stronger termination rights rather than a longer period of protection.

[86] *House Hearings*, *supra* note 11, at 312-14 (testimony of Professor William Patry); William F. Patry, *Copyright and the Legislative Process: A Personal Perspective*, 14 CARDOZO ARTS & ENT. L.J. 139, 149-52 (1996). *But see* J.H. Reichman, *The Duration of Copyright and the Limits of Cultural Policy*, 14 CARDOZO ARTS & ENT. L. J. 625, 649-50 & n.144 (1996). The Term Extension Act provides for the retroactive application of the extension to existing copyrights. Imagine a person who purchased a copyright on the assumption that what he was buying would last for the life of the author plus fifty years (or for seventy-five years from publication). The retroactive application of the increase will provide him with twenty more years of protection, and of course these are twenty years that he never expected and did not pay for; thus it would not be inaccurate to classify the addition as a windfall to him. Yet nothing in the Act attempts to assure "recapture" of these twenty years for the benefit of the author or his heirs. *See* Jeffrey L. Graubart, *Music Industry's Rights Battles Not Over*, BILLBOARD, Nov. 4, 1995, at 8 (without assertion of their own determination to have right to reclaim all or portion of the proposed additional twenty years via termination provision, songwriters and their heirs have had their rights compromised); David Grossberg, *Extending Copyright Term Isn't Enough*, BILLBOARD, Oct. 12, 1996, at 10. In his congressional testimony Professor Patry suggested that this windfall could and should be prevented by vesting the proposed additional twenty years automatically in the author or his heirs. The objective would be to insure that any prolongation of the term of protection would actually accrue to the descendants of authors rather than to the individuals or firms to whom their predecessors assigned their rights. *See* William F. Patry, *The Copyright Term Extension Act of 1995: Or How Publishers Managed To Steal the Bread from Authors*, 14 CARDOZO ARTS & ENT. L.J. 661-68, 691 (1996). *But see generally* DOROTHY SCHRADER, PROPOSED U.S. COPYRIGHT TERM EXTENSION 9-10 (1995). The enacted legislation manifests some modest sympathy for authors and heirs in this context by subjecting some copyrighted works still in their renewal terms to a termination right

renders suspect the life expectancy argument. Finally, the longevity-concern-for-heirs line of argument (and most of the other equity-based contentions) have no relevance to works of corporate authorship, which comprise a substantial percentage of copyrighted writings.[87] Extension of the term for works made for hire can not be justified as benefiting natural authors and their dependents.[88]

In conclusion, even if one regards an increase in life expectancy as relevant to the determination of the copyright term of protection, there has hardly been a dramatic increase, much less a twenty year rise, in that statistic since 1976 when the generous term of life + 50 was put in place.[89]

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with respect to the additional term of twenty years even though the existing termination right has not been exercised and has expired. *See* Term Extension Act, sec. 102(d)(1)(D); S. REP. No. 104-315, at 5-6, 17-18 (1996).

87 A Copyright Office survey of registrations during the first six months of 1955 revealed that approximately 40% of registrations were for works made for hire. Corporations or other group organizations were the "authors" of 92% of motion pictures and 94% of periodicals registered. In view of the relative commercial importance of periodicals and movies, it is likely that these works of corporate authorship represented more than 50% of the commercial value of all registered works during the covered period. *See* Borge Varmer, *Study No. 13: Works Made for Hire and on Commission*, April 1958, *in* 1 STUDIES ON COPYRIGHT 717, 731, 733 (Copyright Society of the U.S.A. ed. 1963); GUINAN, *supra* note 5, at Appendix A. Similarly, the 1961 *Report of the Register of Copyrights* stated that about 40% of all works registered in the Copyright Office are "corporate works" — works prepared for corporations or other organized bodies by their employees. *See* REPORT OF THE REGISTER OF COPYRIGHTS, *supra* note 8, at 48. More recent statistics are unavailable, but there is no reason to doubt that, in terms of both numbers and commercial value, works of corporate authorship still constitute a substantial percentage of copyrighted writings. Mark A. Lemley, *Romantic Authorship and the Rhetoric of Property*, 75 TEXAS L. REV. 873, 883 (1997) (book review) (with growth of software industry, percentage has likely increased since 1955). *See generally* Reichman, *supra* note 86, at 645-48, 653 (existing domestic term of protection for works for hire already appears overly long and empirically unjustified when viewed either as product of incentive rationale or, more generously, through the lens of cultural policy).

88 *See generally* Edwin C. Hettinger, *Justifying Intellectual Property*, 18 PHIL. & PUB. AFF. 31, 45-46 (1989) (most copyrights are owned by institutions; that fact undercuts argument for protection rooted in promotion of individual security, independence and autonomy).

In a May 1966 executive session of the Senate Judiciary Committee, Senator Hank Brown offered an amendment to the Copyright Term Extension Act which would deny any extension of copyright term to corporate copyright owners. The amendment was defeated by a 12-4 vote. S. REP. No. 104-315, at 5, 19 (1996).

89 Between 1980 and 1994 life expectancy rose by two years. NATIONAL CENTER FOR HEALTH STATISTICS, MONTHLY VITAL STATISTICS REPORT, Vol. 43,

IV. THE ARGUMENTS FOR A TERM INCREASE: INTERNATIONAL

A. "Harmonization" — The Case for Uniformity Per Se

It is also argued that extending the length of copyright protection will benefit the United States by equalizing its protection period with Europe's.[90] That is, independent of what the particular length of term is, harmonization will be beneficial. But since lengthening the copyright period will impose substantial costs on domestic (and foreign) consumers, harmonization must be proved to bestow substantial benefits to justify that cost. It turns out, however, that these benefits are quite small and that this small added convenience for those engaged in international copyright transactions does not alter the conclusion that an increase in the term is undesirable. The benefits are small because international harmonization of the length of copyright protection does not provide the gains to non-EU countries that internal harmonization affords to the European community. This differentiation in gains is the case because the EU has critical objectives which are irrelevant to United States international trade policy. The slightness of benefits also reflects the distinctive economic characteristics of copyrighted intellectual and artistic works as compared with patents and more conventional economic goods. And, finally, the limited nature of the benefits of harmonization stems from the fact that individual countries cannot gain advantages for domestic producers of copyrightable products via manipulation of their copyright protection period in the same way that countries might favor domestic producers via tariffs or export subsidies.[91]

The harmonization Directive of the European Union is a poor model for United States action. The EU required a single copyright length in order to respect the core treaty commitment to the creation of a single, internal economic market.[92] This commitment to a single trading unit re-

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No. 13, October 23, 1995, at 17 (Table 7). The average American in 1996 could expect to live 76.1 years, up from 75.8 in 1995. Sheryl Gay Stolberg, *U.S. Life Expectancy Hits New High*, N.Y. TIMES, Sept. 12, 1997, at A14. Of course, the duration of protection enacted in 1976 significantly increased the term as compared with the prior law.

[90] *See, e.g., Senate Hearing, supra* note 56, at 27-28, 132-34.

[91] Because of these distinctive characteristics copyright term measures do not implicate our traditional concern about economic localism measures which increase the price of imported goods compared to domestic goods and thereby produce an inefficient distortion of comparative geographical advantage.

[92] *See, e.g.*, Treaty Establishing the European Economic Community, March 25, 1957, arts. 3a, 8a, 12-13, 48, as amended by Single European Act, *reprinted in* OFFICE FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN COMMUNITIES, I TREATIES ESTABLISHING THE EUROPEAN COMMUNITIES 207, 223, 227,

flects the existence of a strong political connection among the member countries. Though the European arrangement does not fit within an established organizational category, the relationship among EU countries is better described as a commonwealth[93] than a customs union. But the relationship between the United States and Europe is one between distinct political entities.[94] Though the two obviously interact with each other, and we favor a strong cooperative relationship with Europe, American political ties with the countries of Europe do not exhibit the characteristics of a commonwealth. Moreover, in contrast to those states, in our dealings

234-35, 265 (1987); D. LASOK & K.P.E. LASOK, LAW AND INSTITUTIONS OF THE EUROPEAN UNION 379-410 (6th ed. 1994). The Term Directive is one of a larger set of enactments designed to harmonize copyright law within the European Union. *See, e.g.*, Alexander A. Caviedes, *International Copyright Law: Should The European Union Dictate Its Development?*, 16 B.U. INT'L L.J. 165, 210-17 (1998) (harmonization measures designed to fully realize the internal market).

The change produced by the Term Directive was, in large part, a response to the *Patricia* case. That case involved a sound recording which enjoyed copyright protection in Germany but was out of copyright in Denmark. Copies were lawfully on the market in Denmark because the work was in the public domain there. The question presented was whether the importation of copies lawfully circulating in Denmark into Germany, where the work was still in copyright, could be prevented. The European Court of Justice answered the question affirmatively. The copyright in Germany, it held, could be enforced, and application of the national legislation was not precluded by the provisions of the EEC Treaty designed to insure the free movement of goods across borders. Case 341/87, EMI Electrola GmbH v. Patricia Im-Und Export, 1989 E.C.R. 79, 2 C.M.L.R. 413 (1989); *see also* Ysolde Gendreau, *An Intellectual Property Renaissance in European Community Law*, *in* INTERNATIONAL TRADE AND INTELLECTUAL PROPERTY: THE SEARCH FOR A BALANCED SYSTEM 41 (George R. Stewart *et al.* eds., 1994) (historical context of *Patricia* case re conflict between national intellectual property rights and principle of free trade).

93 The extent of economic and political interdependence existing and aspired to and the recognition of the authority of supranational institutions such as the Court of European Justice by members of the European Union bespeaks an arrangement that has moved well beyond the simple abolition of customs duties between Member States. *See, e.g.*, Treaty on European Union (The Treaty of Maastricht), 1993 O.J. (C224) 1, Feb. 7, 1992, art. 8 (common citizenship); art. F (respect for fundamental rights as recognized in European Convention for the Protection of Human Rights and Fundamental Freedoms); Protocol on Social Policy (annexed to treaty of Maastricht); Edmund L. Andrews, *Mark-Devoted Germans Gradually Come to Terms with the Euro*, INT'L HERALD TRIBUNE, June 22, 1998, at 13 (Euro, single European currency, introduced Jan. 1, 1999; three year transition period).

94 Consistent with this proposition, it is noteworthy that the rule-making bodies of the European Union and its Member States are not limited in power by the copyright clause of the United States Constitution nor is free speech as high in the hierarchy of values in these polities as in the United States.

with the EU we are not critically motivated by a desire to achieve economic interdependence in order to avoid armed conflict. Finally, our copyright traditions feature significant value differences reflecting disparate constitutional purposes and constraints.

Moreover, considerations of political and economic cohesion among the states of the United States (and within the membership of the European Union) are not relevant to the United States-Europe relationship. We have in mind here, for example, the concerns and values expressed in dormant Commerce Clause jurisprudence in American constitutional law. That body of law reflects concern with the kind of parochialism that permits one state to take advantage of another by such devices as exclusionary discriminatory taxation of or "tariffs" on non-local businesses. Such measures affect economic efficiency by inducing production at other than the cheapest site. These protectionist measures also cause political friction and undermine national solidarity. Faced with these kind of practices, the citizens of different states perceive each other as predators employing "unfair" tactics, a perception inconsistent with viewing problems as joint ones.

Copyright policy decisions, however, can not be used destructively, and therefore differing copyright terms should not, and probably do not, generate the controversy and the harmful economic and political effects which accompany differential subsidy, tariff, and tax schemes. Unlike export subsidies which, if unmatched by other countries, can result in export gains at the expense of other countries' exports or domestic producers, manipulation of the copyright term can not be used to gain "unfair" advantage. So long as domestic and foreign producers receive the same level of protection, establishing a copyright term which differs from those of other countries can not be an instrument for achieving advantages for domestic producers over foreign ones; only the balance of benefits and detriments between producers and consumers is relevant. Moreover, if countries adopt different protection terms, it is highly unlikely that this difference would result in any substantial shift of capital investment and labor opportunities. In other words, continuation of a twenty-year difference in the level of American and EU copyright protection would not distort the trade or investment decisions of American or European music producers. Finally, the term chosen would not discriminate against foreign authors in that both American and foreign authors would be protected in the United States for the same period of time.[95]

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[95] *See* 17 U.S.C. sec. 104(a)-(b) (1994). In 1976 American authors were frequently protected longer in foreign countries than they and foreign authors were in the United States. For example, by publishing simultaneously in the United States and in a Berne member country such as Canada, American publishers could, via this "back door to Berne," gain protection for life plus fifty years in Berne member countries. This disparity, under which Ameri-

While the word "harmony" always carries a positive charge, considered evaluation of any significant economic decision, particularly decisions certain to raise the price of a product, require us to avoid being seduced by terms instinctively conveying positive values.[96] In this case the only clear

can nationals could take advantage of the broader protections of Berne without bearing the accompanying burdens, gave rise to considerable resentment abroad; and the desire to meet this displeasure was one of the reasons for the congressional decision to move the United States to a term of life plus fifty. *See* H.R. REP. No. 94-1476, at 135 (1976) (difference in copyright duration "has provoked considerable resentment and some proposals for retaliatory legislation"). Such a concern, though, does not operate with respect to the extension legislation. If the United States had rejected the extension proposal and reaffirmed the life plus fifty term, American authors would not benefit from the European life plus seventy term, there would be no differential in treatment of American works at home and abroad, and accordingly no foreign resentment about disparate treatment.

Curiously, one effect of passage of the Term Extension Act is to grant a term of life plus seventy years to works of foreign authors without requiring the foreign country to grant American authors the same term. Thus, Japanese authors, for example, will enjoy the life plus seventy term in the United States, (as the United States does not apply the rule of the shorter term), while American authors will only receive life plus fifty years in Japan. *See* David Nimmer, *Nation, Duration, Violation, Harmonization: An International Copyright Proposal for the United States*, L. & CONTEMP. PROBS., Spring 1992, at 211, 233-34; Lisa M. Brownlee, *Recent Changes in the Duration of Copyright in the United States and European Union: Procedure and Policy*, 6 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 579, 590, 603-04 (1996). If a motivating force behind the change is a desire for uniformity in light of the reciprocal provisions of the European Union Term Directive, it is surprising that the extension legislation is not also reciprocal. Such reciprocity beyond life plus fifty is consistent with our obligations under Berne. *See* Berne Convention, art. 7(8). *See generally* Reichman, *supra* note 86, at 633-38, 653. On the other hand, the American embrace of national treatment here might be seen as bespeaking a generosity of spirit lacking in the EU's behavior.

Of course, one straightforward way to achieve uniformity in the treatment of American and European authors with respect to duration of protection would be for the Europeans to provide national treatment (and thereby eliminate invocation of the rule of the shorter term and the differential treatment of domestic and foreign works).

[96] *See* Comment of Copyright Law Professors, *supra* note 33, at 12:

> We need not . . . seek uniformity for its own sake, if it means compromising other important principles. If the United States determines that works should belong to the public domain after life + 50 years, no transaction cost problem is posed to United States authors by the longer period in Europe. The ultimate owners of their copyrights will, of course, be able to exploit them for a shorter period, but that is the result of the policy choice to make the works freely available and not because of the absence of harmonization.

positive impact of a uniform copyright period is trivial: since all lengths will be identical, no one need determine the length with respect to a particular country.[97] Thus, the argument based on the value of uniformity *per*

Ironically, in one important area, that of works for hire, the Term Extension Act will yield increased divergence rather than convergence between Europe and the United States. The American term under the 1976 Act of seventy-five years from publication or 100 years from creation, whichever expires first, already exceeded the considerably shorter terms for corporate works in European law. With the United States's move to ninety-five years of protection by adding an additional twenty years, the prior divergence will grow larger and "disharmony" will increase. Moreover, the upshot will be the imposition of domestic burdens without achievement of any foreign gains. As Professor Reichman has observed, the change will compound pre-existing differences and destabilize any de facto harmonization that may already have occurred in the context of United States-EU relations. In addition, he points out that whatever its effects on American-European legal relations, the change will do nothing to promote harmonization between American law and the laws of developing countries, which have little reason to increase copyright terms under their domestic laws. *See House Hearings*, *supra* note 11, at 356, 372 (statement of J.H. Reichman); *id.* at 281-82, 286 (statement of Professor John Belton on behalf of Society for Cinema Studies). With all the talk of "harmony" and "uniformity," these important points about works for hire have received inadequate attention.

Indeed, the more sweeping observation is that the apparent uniformity pursued by the extension legislation is offset by the divergent terms of protection that the United States and the European Union will continue to grant holders of rights in sound recordings, performances, cinematographic and audiovisual works, and computer programs, as well as in the bulk of works made for hire. And, except for music, the pre-existing American copyright terms for works produced by the commercially significant copyright industries already exceeded protection in the European Union and other countries. *See* Epping, *supra* note 34, at 189-201; Netanel, *supra* note 19, at 367 & n.380. In other words, not only is harmonization overvalued, but it will not be achieved under the Term Extension Act. *See id.*, at 367 & n.379. *See generally* Reichman, *supra* note 86, at 639-42 ("the unattainable goal of uniform law").

97 Epping, *supra* note 34, at 218-19 & n.215. In short, the practical benefits of uniformity, a reduction in the information costs of determining the amount of protection of intellectual property, are meager. With harmony, there is less here than meets the eye; and the extent of uncertainty incident to different terms is greatly overstated. With the United States' move to life + 70, the copyright entrepreneur and lawyer will know that both domestic and foreign works are treated the same in the United States. But they already knew that, with the life + 50 term. What they previously needed to know and would need to know in the future if the United States had not harmonized its term is that, in Europe, American works are protected for life + 50 and European writings for life + 70. The work would be in monitoring, but once a chart was created reflecting this information about the rules in each country, that would be the end of "uncertainty." Businesses would not face any significant increase in overhead costs or enlargement of

se in the simplification of international copyright transactions, while initially attractive, turns out to be of little consequence.

Although the benefits of harmonization have been assumed, there has, in fact, been no clear statement of the advantages of uniformity *per se*. The upshot is that uniformity, *i.e.*, the fact of difference, is insignificant.[98] It is insignificant with respect to international political cooperation, with respect to economic efficiency, with respect to the intentional infliction of harm on one country by another, and with respect to costs imposed on copyright transactions. Accordingly, it should carry minimal or no weight in the argument about an increase in protection.[99]

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risks. In short, these differences in legal rules do not create substantial transaction costs that hinder otherwise beneficial exchanges. Indeed, the negligible character of the transactional benefit of a change is underlined by the recognition that under a life + X term, one always must determine when an author has died to know when the protection terminates. Given the need to make that determination, it is hard to see why it is more difficult to then add fifty rather than seventy.

For approximately thirty years prior to the EU Directive the (West) German term of protection was life + 70 while the term in most other Member States was life + 50. The fact that the European countries were able to live so long with separate schemes without evidence of any great advantage to shorter or longer term countries suggests that no significant disruptions or distortions were occurring and therefore argues against the "need" for harmonization.

98 In practice, it is difficult to speak of harmonization without consideration of the specific term being proposed. Thus, for the European Council the pursuit of uniformity for the purpose of creating the internal market could not be divorced from the question of who should harmonize with whom. Similarly, even if harmonization is desirable, the question for Congress is who should harmonize with whom. It is not clear why the baseline should be Europe's rather than the United States'. The United States can achieve harmonization if it wishes by getting Europe to agree to our standard of protection. At the time the Copyright Act of 1976 was enacted, life + 50 constituted an international standard and was required in order to join the Berne Convention. Life + 70, however, is not an international standard today nor is it likely to become one without United States support. It was not even the standard in Europe before the Directive that the Member States adopt a uniform term equal to the longest of any of its members. If the cost/benefit analysis required by our copyright tradition does not justify changing the social policy balances we had drawn — and it surely does not — the United States might have better used its influence to urge the rest of the world to remain with the life + 50 standard, rather than adopt a "monkey-see, monkey-do" approach and mimic a European decision that was made apparently without consideration of the factors we have always deemed crucial to copyright policy analysis. Comment of Copyright Law Professors, *supra* note 33, at 12-13.

99 More broadly, there is no guarantee that global harmonization of intellectual property rights would be optimal. Harmonization differs significantly from

B. The Balance of Payments: Enhanced Foreign Revenues

Proponents of extension of the copyright term argue that expected benefits to the balance of payments support their case.[100] Since the United States sells more intellectual property to the EU countries than it imports from them, extending the copyright period should produce a net increase in American exports.[101] This increase will contribute to a positive

liberalizing traditional trade barriers such as tariffs and quotas. Removal of trade barriers raises global income by improving economic efficiency, and all countries will likely share in the resultant gains from greater trade, while strengthening and harmonizing intellectual property rights would generate costs and benefits that are likely to vary across countries. Keith E. Maskus, *Intellectual Property Rights and the Uruguay Round*, FEDERAL RESERVE BANK OF KANSAS CITY ECONOMIC REVIEW, First Quarter 1993, at 11, 20-21. *See generally* JUDITH C. CHIN & GENE M. GROSSMAN, INTELLECTUAL PROPERTY RIGHTS AND NORTH-SOUTH TRADE (1988); *House Hearings*, *supra* note 11, at 384-87 (statement of Professor J.H. Reichman). Recognition of the existence of these differential effects suggests the need for caution against undiscriminating international harmonization of intellectual property laws.

[100] *See, e.g.*, *Senate Hearing*, *supra* note 56, at 2, 25 (statements of Senator Orrin G. Hatch and Commissioner Bruce A. Lehman); Joint Comments of the Coalition of Creators and Copyright Owners, *supra* note 17, at 6-8, 10.

[101] Actually, it is not clear that failure to match the European term would have a negative impact on our trade balance in the short run. After all, increasing the term does not mean that European users alone will pay longer; rather, American users will also pay longer, and not just to domestic copyright owners but to proprietors worldwide. Accordingly, the trade impact will depend on the patterns of usage on the two continents. While Europeans presently take more of our works than we consume of theirs, that was not the case at the turn of the century. Works which were about to enter the public domain here at the time of passage of the Term Extension Act were created in 1923. Therefore, an additional twenty years of protection, if retroactive, would include European works dating back to 1904. American use of European works of classical music and plays from the turn of the century through the 1920s and 1930s may be larger than the use Europeans make of United States works from that same era; and if so, our use of such works that will continue under protection under the enacted extension will cost more than we will receive in return. Comment of Copyright Law Professors, *supra* note 33, at 13. In the long term, though, if present behavior persists, the United States is likely to experience a net gain in revenues and a positive impact on the balance of payments, as the United States today is the world's largest exporter of copyrighted works. American musical and audiovisual works, for example, are widely disseminated and performed in Europe.

For the expression of serious skepticism, however, about the beneficial trade balance effects of increasing protection of corporate works to ninety-five years, *see House Hearings*, *supra* note 11, at 414 (testimony of Professor J.H. Reichman); Reichman, *supra* note 86, at 646-47. Moreover, as we have argued, a shorter term of protection in the United States, with its attendant

trade balance, and "improve" the balance of payments.[102] This argument is beset with difficulties, and the combined impact of these difficulties strongly implies that the possible benefits from export expansion do not overcome the clear drawbacks to an extension.

The starting point for analyzing this proposal is that extending the copyright period raises the price of intellectual and artistic products produced by Americans to both domestic and EU buyers and raises the price to American consumers of intellectual products imported into the United States from EU (and other foreign) producers. Without regard to the trade impact, we have concluded that any increased price to American consumers or contraction of the public domain as a result of extending the copyright period is unwarranted. Supporters of the extension point to the positive trade impact of copyright extension, resulting from the fact that

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expansion of the public domain, would encourage rather than deter the creation and publication of new works for worldwide markets, thereby generating export gains. Furthermore, the generous treatment of American works by Germany (and Great Britain), two of the largest consumers of United States works in Europe, further undermines the case for term extension in order to receive benefits in Europe. *See* note 12, *supra*.

102 The "balance of trade" refers to the value of a country's exports minus the value of its imports. When imports exceed exports, it is said that the balance of trade is negative, unfavorable, or in deficit. When exports exceed imports, the trade balance is positive, favorable, or in surplus. In speaking of the trade balance our focus is on the "current account" portion of the nation's international transaction statistics. The balance of payments is the summary statement of a country's financial transactions with the rest of the world, often divided into the current account, the capital account, and the reserve account. The current account section of the balance of payments is usually subdivided into a merchandise measure and a services measure. In 1996 the United States current account was in deficit in the amount of $-114,300,000,000; the goods (merchandise) component totaled $-187,800,000,000 and the services figure was $73,500,000,000. COUNCIL OF ECONOMIC ADVISERS, ECONOMIC INDICATORS, May 1997, at 35 (Table: U.S. International Trade in Goods and Services). As an absolute matter, a term extension's impact on the balance of payments will likely be insignificant in two senses. First, the increase in annual foreign sales and royalty revenues will be small, reflecting the fact that few works are valuable generators of income seventy years after the author's death or seventy-five years after publication. Second, although it is growing, the intellectual property component remains only a small part of the overall merchandise and services accounts; and the amounts involved for works that will profit from term extension are tiny as compared to the overall United States trade in intellectual property. *See, e.g.*, INTERNATIONAL MONETARY FUND, BALANCE OF PAYMENTS STATISTICS YEARBOOK, pt. 1, at 824 (1996) ("royalties and licence fees"); *id.*, pt. 3, at 163. Of course, the United States's favorable trade balance in intellectual property depends on current works such as blockbuster movies, *e.g.*, *Titanic*, not on the few works from the 1920s and 1930s whose owners will benefit from term extension.

after a short period the United States probably will export more intellectual property to EU countries than it will import from them. To determine whether these alleged benefits provide significant support to the pro-extension argument it is necessary to quantify the extra benefits conferred by increased exports on the American economy.[103] Since it is unlikely that increased American exports of intellectual products will enhance employment opportunities, this kind of argument differs from arguments for export promotion in order to produce more employment for American workers by expanding the markets for their products.

To be relevant to the extension issue, exports must have a special value to the American economy. That is, goods sold to foreigners must be deemed to be worth more than goods sold to domestic consumers. Extending copyright protection, in effect, operates as a tax on American consumers, which is paid to producers of intellectual and artistic products rather than the government.[104] Therefore, proponents of the extension on export promotion grounds must argue that American consumers benefit more from the tax via enhanced exports than it costs them. In fact, no one has made a coherent case for the value *per se* of increased exports unrelated to increased domestic employment. Thus, those arguing for the importance of enhanced foreign exchange earnings must demonstrate the benefits of exports *per se*, unrelated to job creation, and that these benefits are sufficiently large to overcome the loss to consumers and the public domain of extending copyright.[105]

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[103] Presumptively, a substantial proportion of the benefits to the economy will benefit consumers thereby counter-balancing the negative effects of term extension upon consumers.

[104] *See generally* Keith Aoki, *(Intellectual) Property and Sovereignty: Notes Toward a Cultural Geography of Authorship*, 42 STAN. L. REV. 1293, 1335 (1996) (copyright as delegation of public power to tax to private copyright owners so that they receive income stream from users of copyrighted work).

[105] It is difficult to quantify any predicted gain in the balance of payments. While one can be confident about the direction of the impact, similar confidence is not warranted with respect to an estimate of the absolute amount of the gain. The empirical magnitude is not likely to be large, though. Any positive impact on the balance of payments, of course, will not be costless. After all, in the absence of change, the twenty years during which Europeans do not pay copyright royalties on American works are also twenty years during which Americans do not pay royalties on foreign (and American) works. Accordingly, every time we extend copyright protection in order to achieve more coverage for our exports overseas by imposing a higher cost on foreigners, we also levy an additional cost on American consumers and users. Though this cost can not be precisely quantified, it is real. (Indeed, the substantiality of this cost is demonstrated by the very claims of the legislation's supporters that they would be deprived of a sizeable European windfall if the United States did not extend its term to match that of Europe.) And these costs, large and certain, to the American public will

Secondly, one must resolve the disagreement among economists regarding the impact of the balance of payments on a country's economic well being.[106] The concern with the balance of payments is a phenomenon of the past fifteen years. Prior to 1982 deficits in the United States current account were small and temporary. Since then the country has run large and chronic current account deficits. Yet during this period of time economists have differed over whether these developments represented a na-

greatly exceed even the gains to the relatively few copyright proprietors who will benefit from the term extension. Throughout the effort to secure enactment of the term change, a profound misconception was recurrently expressed — *i.e.*, more foreign protection is obviously good for Americans. In fact, it is probably beneficial to many American producers, but it is harmful to American consumers.

Perhaps, if Congress could extract additional revenues from European consumers without taxing Americans, a change would be attractive. But that costless scenario is not possible. In this context Congress can not just tax foreigners. If Europeans are required to pay for the right to use American works in Europe, Americans will be paying to use both domestic and European works here. Indeed, since it is reasonable to assume that Americans are greater consumers of domestic works than nationals of other countries, the American public will have to pay a multiple of dollars to American copyright owners for every dollar paid by Europeans. (For example, if foreign uses amount to 25% of the total use of American works, the multiple is 3:1.) However, if the United States produced certain intellectual or artistic works which were principally consumed in Europe and not here, at least some part of the impact of a term extension would be largely felt abroad and not at home and therefore the change would appear more attractive. Yet such a general lack of overlap does not exist under present behavior. The works which produce large sales in the United States, *e.g.*, movies, musical works, recordings and computer software, are typically the same works which sell well abroad.

[106] Whether an improvement in the balance of payments is necessarily a "good" objective is a highly contentious question among economists. There appears to be no consensus about the desirability or undesirability of a trade deficit and the pursuit of a payments surplus. *See, e.g.*, PAUL SAMUELSON & WILLIAM NORDHAUS, ECONOMICS 683 (16th ed. 1998)(trade deficit not necessarily harmful; "unfavorable" balance of trade may be a fine thing for a country); N. GREGORY MANKIW, MACROECONOMICS 190 (1992) (can't judge economic performance from current account alone, deficit not necessarily a reflection of economic malady, deficit may be sign of economic development). What seems clear is that an increase in export revenues does not automatically mean an increase in domestic well-being. *See* Laura D. Tyson, *Trade Deficits Won't Ruin Us*, N.Y. TIMES, Nov. 24, 1997, at A23 (trade deficit greatly flawed as gauge of economic health; no simple link between nation's net trade position and its overall economic health). That translation from more foreign earnings to improved domestic well-being is a complicated one and can not simply be assumed. *See generally* Peter Passell, *Economic Scene: America's Trade Gap Is (1) a Disaster (2) a Sign of Success*, N.Y. TIMES, April 17, 1997, at D2.

tional problem or not, particularly in light of the economic growth experienced during the same period. It is clear that a deficit *per se* is neither desirable nor undesirable. (Put differently, there is no agreement that exports are inherently better than imports.) At a minimum, the deficit's economic impact, and our assessment of that impact, depend on how it is financed, more particularly on what the associated net capital inflow is used for. Thus, a large and persistent current account deficit is not problematic if the capital inflow is used to finance productive investment since such investment will boost living standards (and offset the interest payments on the inflows). On the other hand, future living standards may be eroded if the capital inflow is used to finance current consumption.[107]

The broader point is that the shape of the current account, and of the larger balance of payments, is rooted in macroeconomic factors, both domestic and foreign, and therefore any effective response lies in macroeconomic policy, not in a change in the copyright term. Thus, if one thinks that the deficit poses a serious short term risk (via pressure on interest and exchange rates) and a long term problem (via reduction in living standards) for the United States, a fit reaction would not lie in an increase in the level of copyright protection but rather would involve changes in federal fiscal and budgetary policy to encourage domestic savings and to reduce the budget deficit.[108]

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[107] Craig S. Hakkio, *The U.S. Current Account: The Other Deficit*, FEDERAL RESERVE BANK OF KANSAS CITY ECONOMIC REVIEW, Third Quarter 1995, at 11.

[108] *See id. See generally* David Tufte, *Communications: Why Is the U.S. Current Account Deficit So Large?*, 63 S. ECON.J. 515 (1996).

Yet another problem is that even if improving the balance of payments is deemed beneficial, this kind of benefit cannot be quantified. First, one can't confidently predict the impact on the balance of payments. Moreover, no algorithm exists for translating a specific balance of payment benefit to enhanced national income, consumer benefit, wages, profit or employment opportunities. Therefore, even if one concludes that increased exports will be beneficial via their positive balance of payments effect, one is unable to say how large the benefit will be and therefore one can't easily compare this kind of benefit to the expected losses from copyright extension.

In addition to all these problems, we lack a clear methodology for combining the direct effects of a change in legal rules with respect to copyright protection — *e.g.*, the costs to consumers — with possible benefits of such action in another, unrelated realm. More seriously, there is good reason to believe that there are much more effective and equitable methods for improving the balance of payments than increasing the level of copyright protection.

For treatment of these difficulties and their policy implications along with a comparative assessment of the efficiency and equity of copyright extension as a method of improving the balance of payments, *see* BARD & KURLANTZICK, *supra* note 12, at 205-06.

In sum, passage of the extension legislation and the resultant increased protection of American works in Europe will probably have a beneficial impact on the United States balance of payments, though the magnitude of that impact is difficult to gauge (and ironically one of the major economically important copyright sectors, the record industry, will not, in fact, gain additional protection in Europe from its passage).[109] The goal of enhanced foreign revenues, however, will be achieved by the imposition of additional, considerable costs on American consumers and users of copyrighted works. And it is not at all clear that an improvement in the payments balance will translate into a gain in domestic economic welfare, as its broader economic impact will be ambiguous. While the balance of payments argument, then, may have more substance than some of the others offered in support of change, it too does not justify an increase in the term of protection.

V. REFLECTIONS: PAST, FUTURE, AND THE MAKING OF COPYRIGHT POLICY

What is striking about the arguments offered by proponents of a lengthened copyright term is their lack of substance. Virtually none of the reasons put forth for change have even a modicum of intellectual merit. Equally striking is their reception. In viewing the congressional process for answering the question of an apt term in the context of the term extension bill, what is especially depressing is not that, in the end, the arguments

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[109] Remarkably, what has gone unnoticed in the debate about term extension is that one of the principal American exporters of artistic works, the record industry, will not, in fact, benefit in Europe from enactment of the extension legislation. Sound recordings are generally regarded as works for hire under American law, and the record company is therefore deemed to be the "author" and initial copyright owner of the recorded performance. Under the 1976 Act works made for hire were protected for a term of seventy-five years from publication or one hundred years from creation, whichever expires first. *See* 17 U.S.C. secs. 201(b), 302(c) (1994). Holders of rights in such works received a term of protection twenty-five years longer than that provided by the European Union system, which is fifty years from first publication or communication to the public. Directive art. 3(1)-(2). Since the maximum term of protection for producers of sound recordings in Europe is fifty years, increasing the work for hire term in the United States by twenty years to ninety-five years will have no effect on the term that American companies are granted in the European system. *House Hearings*, *supra* note 11, at 210 (statement of Charlene Barshefsky, Deputy U.S. Trade Representative). In other words, for these works — which constitute a sizeable percentage of American popular cultural exports — enactment of change will result in domestic burdens with no offsetting foreign gains! *See generally* BARD & KURLANTZICK, *supra* note 12, at 135-36 n.188 (effect of changes on American film producers complicated; misinformed to believe EU will apply life + 70 to all categories and types of copyrighted American works).

for extension are unpersuasive, but that they are repeated and apparently accepted without question not only by interested spokesmen but by numerous public officials[110] and legislators. This performance underscores the structural bias in the political system which gives little attention to diffuse social interests and facilitates a rush to judgment.

What is further disturbing about the scenario is that a general term extension was not necessary to secure for American authors and producers the additional twenty years' benefit abroad under the European Union Directive. That objective, if deemed worthy of pursuit, could be accomplished by a decision to apply the life plus seventy term to foreign works while retaining the life plus fifty period of protection for domestic works.[111] That accommodation would guarantee the European benefit to American authors and publishers while relieving American users and consumers of any additional costs for use of domestic works. But this arrangement, which would indeed have resulted in American producers gaining at minimum cost to American consumers and the public domain, obviously did not satisfy American producers of intellectual property. Instead, they secured legislation which will "simply" extend the copyright period for *all* intellectual property producers, both European and American.

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[110] Consideration of the term extension bill featured a depressing absence of representation of the social interest in widespread dissemination of works by public officials. Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, for example, offered precisely the same erroneous contentions about the economic effects of term expiration as did the representatives of movie and music producers. *Compare Senate Hearing*, *supra* note 56, at 25-26 *with* Comments of the NMPA, *supra* note 16, at 6. It is one thing for industry representatives to make transparently dubious arguments in service of their narrow interests; it is quite another for a public official to replicate and endorse such arguments. The basis for concern here is not simply that advocates of changes that will benefit them make poor arguments, but that these arguments seem to be so uncritically accepted by their audiences. Professor Sterk suggests that this paucity of criticism of copyright expansion reflects a stake of the nation's elite, including Congress, in believing and acting on the copyright rhetoric of desert. *See* Sterk, *supra* note 19, at 1198, 1247-49.

[111] In other words, in order for American producers to be eligible for the European level of protection, the United States needed only amend its copyright law to extend the period of protection to life plus seventy for works produced by Europeans — the copyright period for domestically (and non-European) produced intellectual products sold within the United States need not have been changed. There may be a technical objection, rooted in the wording of the EU Directive, art. 7(1), to such a limitation of extension to EU works, though it is highly doubtful that this reason played any role in congressional deliberations and decision-making. *See* Patry, *supra* note 78, at 925-26 & n.84.

The lengthening of the term of protection is part of what one analyst has called "the seemingly inexorable expansion of copyright from the enactment of the first statute in 1790 to the present."[112] Perhaps one reason for the continual increases in the duration of protection is that the cost of copying has declined over time. As Landes and Posner point out, the lower the cost of copying the greater the optimal scope of protection.[113] But that change in copying cost hardly justifies the magnitude of the historical record of term extension. More likely, the prime cause is certain inherent characteristics of the political process generally and of policy-making in the copyright area in particular: the differential attention given to organized interests with concentrated benefits riding on the passage of legislation and diffuse interests of a large number of people with each person's projected benefit from legislative action small. This difference is manifest in the kinds of arguments made by each side in the debate over particular legislation as well as in the much more intense and effective lobbying of the concentrated beneficiaries and the congressional results which emerge from the process.

Discussion of the extension legislation is full of references to the expected gain for American interests and to how the European benefits sought can be achieved at no cost to ourselves. The commentary wrongly presumes that "American interest" is equivalent to the interest of American producers. Longer protection may be better for certain Americans, perhaps, but it is costly to others. In speaking of benefits to an undifferentiated "us" or United States, no account is taken of those who are adversely affected: consumers and users, the public interest in ease of widespread dissemination of writings, facilitation of the work of biographers and historians. In fact, the gains obtained from increased protection in an important foreign market are offset — more than offset — by harms to domestic consumers. Obviously, producers prefer a system that generates the largest incomes for them, and therefore they will (almost) always favor an increase in the length of protection. The challenge to policy-makers is to assess proposed legislation in terms of its impact on the well-being of all affected parties and to determine whether the social benefits of a change exceed its social costs.[114]

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112 Weinreb, *supra* note 47, at 1154, 1211 (inexorable expansion from narrow range and limited protection of first Copyright Act to current open-ended form).

113 *See* Landes & Posner, *supra* note 24, at 344, 363.

114 *See* A.A. KEYES & C. BRUNET, COPYRIGHT IN CANADA: PROPOSALS FOR A REVISION OF THE LAW 37-38 (1977). *See generally* U.S. CONGRESS, OFFICE OF TECHNOLOGY ASSESSMENT, COPYRIGHT AND HOME COPYING: TECHNOLOGY CHALLENGES THE LAW 191-207 (1989). After all, the American public, as opposed to individual copyright owners, is not damaged by the absence of protection in Europe fifty years after the death of the American

That assessment is hampered by a legislative process which is skewed to take account of organized interests and to discount or disregard diffuse, unorganized interests. The result of this structural bias is that more broad-based values such as the competitive mandate in favor of the production of desired goods at the lowest possible price receive scant attention, and the real and substantial costs to the public that would result from adoption of the term extension legislation are largely ignored. Similarly, the time limit on protection is one key way in which copyright law adapts to the First Amendment interest in people's ability to express themselves freely; but that interest has little institutional voice. As a result, the process of copyright legislation has been marked by meetings among those with vested interests, who negotiate compromises which are then ratified by Congress. Rarely do representatives of the broader public interest participate in these meetings and negotiations; that interest therefore receives only passing attention; and Congress has not proved an effective protector of the public interest, which winds up shortchanged.

The legislative process and its outcomes are fully consistent with a substantial body of economic and political science literature, in particular that of interest group theory.[115] According to this literature, in situations where individuals have high per capita interests in legislation — *e.g.*, the small group of movie and music producers — those people are likely to incur the monitoring, research, and communication costs of effective political organization. On the other hand, individuals with a low per capita interest — *e.g.*, the large group of consumers and users of copyrighted works — will not find it worth their while to undertake these costs to oppose a legislative change (or judicial litigation) which limits access to intellectual and artistic works. Frequently, these considerations result in passage of legislation which benefits a small group even though losses suffered by the diffuse interests exceed these benefits and the action therefore represents a net social loss.

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author. If the Europeans choose to burden their consumers, it does not automatically follow that we should do the same. From an economic perspective, copyright is intended to provide economic returns to producers but only when that is also in the long run interest of society as a whole. Copyright owners themselves, of course, will always prefer to maximize their own control over the works they produce. The net social welfare effect of lengthened protection, though, is a function of the effects on both producers and consumers. In economic terms, the constitutional goal is to optimize total welfare, defined as the sum of producer profits *and* consumer surplus.

[115] The seminal, classic presentation is MANCUR OLSON, THE LOGIC OF COLLECTIVE ACTION (1971) (new theory of groups and organizations centered on the problem of the free rider). *But see generally* DONALD P. GREEN & IAN SHAPIRO, PATHOLOGIES OF RATIONAL CHOICE THEORY 72-97 (1994).

In light of the extraordinary length of the present term of protection, efforts to increase duration are unlikely in the foreseeable future, though some countries do provide a longer period of protection.[116] Accordingly, issues requiring sensitivity to costs and contraction of the public domain are more likely to arise with respect to the scope of copyright protection than its length.[117] The lesson from the Term Extension Act for those concerned about that scope of protection is to develop more effective organization rather than to develop better legal arguments. Power, not principle, is the name of the game.

A. Harmonization: Difference in Purpose, Impact, Tradition

The key stimulus to the United States' passage of the Term Extension Act was the EU decision to harmonize the copyright period employed by its Member States at life + 70. This interaction between American and foreign developments is instructive, particularly at a time when the growing significance of copyright in international trade has increased pressure for international uniformity and has spawned considerable multinational activity in the intellectual property law area.

First, the decision by the EU that a term of life + 70 is the "correct" copyright period for its Members hardly dictates that the term is the appropriate or optimal period for the United States. As we previously indicated, the major fuel for the European action was the need for uniformity within the internal European market. In short, the decision was moved by a purpose distinctive to the EU and unshared by the United States. Moreover, in light of that purpose, the choice of life + 70, (as against another period, such as life + 50), represented a judgment of political convenience — *i.e.*, harmonizing up and minimizing transition questions —[118] rather

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[116] Colombia, for example, provides protection for life of the author + 80 years. *See* Colombia, Law on Copyright, art. 11, 1 UNESCO, COPYRIGHT LAWS & TREATIES OF THE WORLD (1983); MARTINDALE-HUBBELL INTERNATIONAL LAW DIGEST Col-10 (1999). (Portugal, now an EU member and therefore committed to a life + 70 term, at one time granted perpetual protection. *See* 2 WORLD COPYRIGHT 1098 (H.L. Pinner ed., 1954).) But these instances are rare. Of course, as the membership of the EU increases, correspondingly the number of countries that move to life + 70 will grow. Indeed, some countries, Hungary for example, have already made that change in anticipation of EU membership. *See* Mihaly Ficsor, *Hungary*, *in* 2 INTERNATIONAL COPYRIGHT LAW AND PRACTICE sec. 3(1) (Paul E. Geller ed., 1998) (Article 15(1) of Hungarian Copyright Act provides: "the economic rights shall be protected during the life of the author and for seventy years counted from his death").

[117] The increase in the length of the term underscores the need for greater assertion and acceptance of fair use as a mechanism for mitigation of restrictions on access.

[118] *See* BARD & KURLANTZICK, *supra* note 12, at 199-200 n.277.

than a judgment about an apt social mean between encouragement of authorship and publication and facilitation of widespread availability.[119] Neither the European proposal nor its adoption was founded on a careful analysis. Thus, appreciation of the reason(s) for European action makes clear that the foreign action provides no clear guidance for United States thinking about the right level of protection here.

The recent experience also counsels caution about the value and details of harmonization. Though a prime claimed objective in enacting the Term Extension Act was to conform United States law to the laws of other (European) countries where many American companies and individuals in the copyright industries frequently pursue business, passage of the law, in fact, produced at least as much divergence as convergence between American and European law. And that divergence most significantly affects industries and categories of works which are of major economic importance.[120] Accordingly, when a proposed future change is justified in terms of the value of uniformity, two related inquiries are called for — one as to whether the change will in fact produce convergence and the second as to whether that effect will be consequential or of trivial value in terms of simplification of international business transactions.

A second reason for resisting uncritical deference to foreign developments, and those in Europe in particular, is the difference in copyright traditions and values among countries. For example, with its constitutional support of promotion of science and the useful arts, America's copyright tradition differs philosophically from that of many other countries, the EU included, that treat intellectual property as natural rights of individual creators. A legal change in Europe, whose copyright law is more influenced by a natural rights tradition, should not justify avoiding the careful cost-benefit analysis of a similar proposed change required by the largely utilitarian United States philosophy. Otherwise, the pressure for international conformity will be to overlook constitutional purposes and to alter United States law in ways contrary to the basic purposes of American copyright law and its social objectives.[121]

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[119] *See Explanation by the Netherlands of [Dissenting] Vote on the Directive Harmonizing the Term of Protection of Copyright and Certain Related Rights, in* Annex, Council of Ministers Press Release 93-173, Luxembourg, Oct. 29, 1993 (Directive not only gives Aprecedence to authors' interests over users' interests but . . . also undermines legal uncertainty . . . complicates relations with third countries and . . . seems not to be based on a balanced analysis of the financial and economic advantages and disadvantages involved); BARD & KURLANTZICK, *supra* note 12, at 232 n. 323.

[120] *See* notes 98, 109 *supra*.

[121] *See* Kenneth D. Crews, *Harmonization and the Goals of Copyright: Property Rights or Cultural Progress?*, 6 IND. J. GLOBAL LEGAL STUD. 117 (1998).

Actually, international standards are less stable and well-considered than had commonly been assumed. Thus, the movement of the Term Extension Act in the direction of more protection was aided by the 1976 Copyright Act's adoption of the Berne minimum term of life of the author plus fifty years. In enacting that generous period Congress was motivated, in part, by the desire to bring the United States in line with what appeared to be the prevalent international standard and to make possible American membership in Berne.[122] The Berne term now seems to be treated as an accepted, normative reference or starting point. But such deference is inappropriate.[123] The analytic foundation for the Berne provision is not as solid as has been assumed. The term is quite arbitrary and the product more of historical accident and ideology than of sustained analysis of justification for protection. Just as the American political process is biased against the thorough consideration of all affected interests, so the Berne term has not resulted from a critical inquiry which analyzes its economic or other benefits and disadvantages. As the leading scholarly commentator on the Berne Union has put it:

> While [the Convention's] prescriptions as to duration are quite precise, there has never been any real effort made to justify why, or to explain how, these terms have come to be adopted, particularly in an era where the author is generally no longer directly involved in the exploitation of his works . . . [D]oubt must remain over two of the linchpins of the Berne Convention provisions on duration: the tendency towards a uniform term for all works, and the length of that term . . . [T]here has never been any attempt during the life of the Convention to examine these questions. The reason for this has been suggested above: the strong emphasis that has always been placed on the natural property rights of the author in his work. In this respect, ideol-

See also David Nimmer, *The End of Copyright*, 48 VAND. L. REV. 1385 (1995).

122 *See* H.R. REP. No. 94-1476, at 135 (1976).

123 A broader process point should be made here about situations where advocates lobby for proposals both as a basis for domestic legislation and international agreement. International intellectual property treaties often permit the citizens of a state to claim particular protections abroad only if their own country recognizes those same protections at home. Thus, proponents of expansive intellectual property protection abroad can, by getting other countries to adopt these protections, put heavy pressure on Congress. Only by voting for restrictive rules at home, the argument will go, can we assure that our citizens and companies will be able to compete on a level foreign playing field. This bootstrapping technique clearly has disturbing implications for considered policy-making and for the value of citizen ability to participate meaningfully in democratic decision making.

> ogy has replaced critical inquiry, and has led to a long period of protection — the life of the author plus 50 years — becoming enshrined as an absolute value that has seldom been challenged, except where there have been moves for its further extension.[124]

The Copyright Term Extension Act, a domestic change undiscriminatingly piggybacked on the European initiative, represents a manifestation of many of these risks. Without doubt Congress has considerable latitude in deciding how to comply with the Constitution's injunction that protection be for "limited times." At some point, though, an ever-lengthening term crosses a line beyond which the constitutional provision's prescription about "limited times" and its underlying purposes are mocked as the term becomes limited in form and name only.[125] A term of 200 years from publication, for example, would seem to be incompatible with the constitutional prescription of limitation (as well as raise serious First Amendment concerns). In view of the costs and benefits we have identified, the enacted twenty year increase, which will produce a representative term just short of a century, comes close to crossing that line if it does not, in fact, do so.[126] The constitutional policies, expressed in the Copyright Clause, of

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[124] SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986 321-23 (1987) (Berne minimum neither adopted nor later justified by reference to any clear criterion).

[125] Professor Cargill and attorney Moran have made the rather ingenious argument that the present term of protection is unconstitutional, though not because of excessive length. They contend that a term in the form of life + X years is unconstitutional because the constitutional reference to "limited times," when legislative history and state practice are taken into account, implies a "certain" length. Thus a term determined by a set numerical span of years, *e.g.*, fifty-six years from publication, is authorized; but a flexible term based on the life of the individual author violates the prescription. Cargill & Moran, *supra* note 37. Without passing judgment on the constitutional claim, their major points have merit as a matter of policy. Thus, they express concern about protection being transformed, via continual lengthening of the term, into a "near absolute property right," thereby depriving the "limited times" provision of any operative significance; and they observe critically that "Congress has twice increased duration seemingly without inquiring as to whether the longer term would encourage greater literary production." *Id.* at 922.

[126] *See* Joseph A. Lavigne, *For Limited Times? Making Rich Kids Richer Via the Copyright Term Extension Act of 1996*, 73 U. DETROIT L. REV. 311, 354-58 (1996). Presently, the minimum duration of exclusive control is close to 100 years for all intellectual and artistic works (not just those which have enduring economic value for the copyright holder). With average life expectancies, society is now precluded from access to creative expression for at least three generations.

> We believe that it would be wiser to contract the life + 50 measure rather than expand it. However, as a practical matter such a reduction is precluded by

the Berne Union, of which the United States is a member. Though the Convention permits countries some flexibility in determining what is protectable, *see* Jane Ginsburg, *Surveying the Borders of Copyright*, Address at the WIPO Worldwide Symposium on the Future of Copyright and Neighboring Rights 5-9 (June 1-3, 1994), it requires a minimum term of life plus 50 for most covered works.

The extent of the duplicator's cost advantage, the length and import of lead time, and the presence of offsetting advantages held by the original producer surely differ among different intellectual and artistic works, and accordingly the strength of the case for legal intervention will differ among these works. Under our analysis this fact suggests that the optimal period of protection will vary from case to case and that a different term of protection is desirable for different kinds of works. *See generally* Michael O'Hare, *Copyright and the Protection of Economic Rights*, 6 J. CULTURAL ECON. 33 (1982). Thus, production and dissemination of computer programs may be encouraged most effectively by a copyright lasting x years while a novel may call for protection lasting y years. *See* Rochelle Cooper Dreyfuss, *A Wiseguy's Approach to Information Products: Muscling Copyright and Patent into a Unitary Theory of Intellectual Property*, 1992 SUP. CT. REV. 195, 222-23 (choices in the definition of protection should be tailored to characteristics of the particular intellectual property industries); Jussawalla, *supra* note 64, at 103 (product cycle should be determinant for protection of intellectual property; as cycle shortens, there is less justification for protection in terms of social welfare); BRAUNSTEIN, *supra* note 34, at IV-22-36 (data requirements and estimates of optimal protection periods for computer software). Indeed, the notion of different durational terms for different types of works fits with the efficiency-rooted view of the legislative (and judicial) task as the determination of the combination of grants and reservations that will yield economic gains that exceed by the maximum amount the accompanying efficiency losses. The problem with such discriminations is one of administrative complexity. The question is whether it would be possible to construct a feasible scheme of categories and to run the more complex system at a cost lower than the contemplated social benefits from increased access. *See generally* Luther H. Evans, *Copyright and the Public Interest*, 53 BULL. N.Y. PUB. LIBR. 3, 7-8 (1949). The presence of multimedia products which cut across traditional lines might appropriately make us cautious about differentiation. On the other hand, different terms for different kinds of works have not been uncommon in other countries; and in a situation where administrative simplicity calls for uniformity while other considerations point to variability, a small number of categories may add little to administrative costs and yet contribute greatly to efficiency. *See, e.g.*, Deborah Chalsty, *The Economic Logic of Copyright*, 17 LEGAL REF. SERV. Q. 145, 155-56 (1999) (possible to distill categories down to two or three for which different levels of protection are apt); GUINAN, *supra* note 5, at 4-6, 31; 1 STEPHEN P. LADAS, THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY 315, 317, 324, 330-38 (1938); BRAUNSTEIN, *supra* note 34, at I-10-11. *Cf.* William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659, 1720 (1988) (categorizing copyrighted works for purposes of fair use determinations promotes allocative efficiency but creating too many subdivisions reduces efficiency). In

promotion of learning and protection of the public domain are disserved by extension of the copyright term. And as a step which shapes the kind of intellectual life we are each able to lead, it is mistaken.

In the formation of copyright policy the lack of empirical data,[127] the inability to quantify important variables, and the consequent methodological imprecision insure a considerable range of error in reaching conclu-

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fact, during the revision conferences which preceded the enactment of our 1909 Act, there was considerable sentiment for assigning different terms for different types of writings. *See* RINGER, *supra* note 6. *See generally* Lyman R. Patterson, *Copyright and the Public Interest, in* COPYRIGHT: CURRENT VIEWPOINTS ON HISTORY, LAWS, LEGISLATION 47-48 (Allen Kent & Harold Lancour eds., 1972) ("uniform protection for all works is neither necessary nor appropriate"). *See also* Scherer, *supra* note 34, at 422, 426-27 (desirable patent policy would tailor life of each patent to economic characteristics of its underlying invention). A shorter term for photographs and sound recordings, in particular, is not unusual abroad. *See, e.g.*, Copyright Statute of Austria, sec. 60, 72, 1 UNESCO, COPYRIGHT LAWS & TREATIES OF THE WORLD (1988). The Berne Convention, art. 7(4), permits Member States to accord a shorter term of protection for photographs and works of applied art; the minimum term required is twenty-five years from the making of such a work. A similar provision in the Universal Copyright Convention requires a minimum term of ten years. *See* Universal Copyright Convention, arts. 2, 3 (Paris Revision 1971).

In theory, an optimum copyright law should be flexible, tailoring the term (and other characteristics) of each grant to the incentive needs of each recipient. Arguably, it makes no economic sense to set the term absolutely in advance, and rather the term should be variable, depending on the size of and actual return on investment. However, such tailoring would involve insuperable administrative difficulties, if not nightmares, and we must generally be content to select a uniform duration which will work well on the whole. *See* Maskus, *supra* note 99, at 14 (choice of apt protection level complicated by measurement problems; because of these problems intellectual property rights standardized by property type not tailored to specific products). The doctrine of fair use, though, may be viewed as a device which, on an ad hoc basis, can modulate protection in order to bring it closer to the optimum prescription that creators not requiring remuneration for their efforts not be granted a monopoly on production of the physical embodiments of their work thus eliminating any deadweight loss for these products and that where remuneration is required for production the duration of monopoly be just enough to provide such remuneration. Fair use provides a vehicle to increase efficiency in the use of scarce resources, to moderate the rules of copyright law in situations where the benefits of increased consumption appear to outweigh the harm from reduced production. *See* LIEBOWITZ, *supra* note 49, at 188-191; Fisher, *supra*, at 1698-744. More generally, the fair use doctrine is designed to insure that future authors have a sufficient supply of raw materials available to them.

127 *See* Marci A. Hamilton, *Copyright Duration Extension and the Dark Heart of Copyright*, 14 CARDOZO ARTS & ENT. L.J. 655, 657 (1996) (absence of empirical information on creativity and reward structure):

sions even for the analyst committed to a thorough and balanced examination.[128] While theoretically it may be possible to devise a formula for determination of an optimal length of term,[129] these measurement problems indicate that it is not possible to quantify precisely the number of years required to provide the degree of protection needed to induce resources to flow into authorship and publication.[130] Although acceptance of that imprecision dictates that there is no single, obviously correct term,[131] it is possible to talk meaningfully about more or less protection. The noted limitations on policy formation do not preclude judgment about changes within the system, particularly those that would extend it further.[132] As previously stated, the copyright term should be shortened

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There is much talk in the literature and the cases of the "incentive" nature of copyright law. But there is no factual study that shows how much incentive is enough to further creative activity, or what kinds of incentives work: money, control, or time.

128 *See* A.A. KEYES & C. BRUNET, COPYRIGHT IN CANADA: PROPOSALS FOR A REVISION OF THE LAW 35 (1977) (complexity and magnitude of needed data make it difficult to reach rigorous conclusion about relative costliness of copyright scheme versus regime of no copyright protection); Maskus, *supra* note 99, at 14 (choice of apt protection level complicated by technical and market measurement problems).

129 *See* Landes & Posner, *supra* note 24; WILLIAM D. NORDHAUS, INVENTION, GROWTH, AND WELFARE: A THEORETICAL TREATMENT OF TECHNOLOGICAL CHANGE 76-86 (1969) (the optimal life of a patent). Even here the formulation must assume a social welfare function to be maximized, and any such function is bound to be controversial. *See, e.g., id.* at 76 n.9. *See also* Boudewijn Bouckaert, *What Is Property?*, 13 HARV. J.L. & PUB. POL'Y 775, 812 (1990) (measurement problems make economic analyses about optimal duration unconvincing).

130 If one views copyright as a limited grant intended to foster the expressive diversity and creative autonomy needed for democratic governance and not simply as an economic response to market failure, the question of what term would produce optimum support for creative autonomy while still permitting sufficient user access is still practically unanswerable. But cruder judgments are possible, and from the perspective of democratic governance any lengthening of duration of protection under the 1976 Act is undesirable and unjustified. *See* Netanel, *supra* note 19, at 368-69.

131 The objectives of encouragement of authorship and of dissemination are inevitably to some extent in tension. The effectiveness of copyright protection in achieving the two aims depends in part on the period of the copyright grant. But that term provision is, of course, part — though a central part — of a larger protective system. And any attempt to fashion a system of rights that gives due consideration to both objectives must steer clear of the notion that there is only a single apt allocation of rights (and remedies). *See generally* JOAN ROBINSON, THE ACCUMULATION OF CAPITAL (1958).

132 In fact, we can take a first step toward partial quantification of the cost that a twenty year extension will impose on American consumers and users of copyrighted works. And based on proponents' estimates of the likely Euro-

rather than lengthened.[133] Our Berne[134] Convention obligations prevent a significant move in that direction. However, the foregoing analysis fur-

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pean benefits a term change would yield for American producers, the cost would be considerable. ASCAP projects that an additional twenty years will mean a present annual increase of $30 million from the foreign licensing of music public performance and mechanical reproduction rights. *See Senate Hearing*, *supra* note 56, at 138. The Motion Picture Association of America (MPAA) forecasts that an extension will produce additional foreign revenues of $1 million by 2000, rising to $160 million by 2020. *House Hearings*, *supra* note 11, at 211. Since it is reasonable to assume that Americans consume more domestic works than nationals of other countries, the American public will have to pay a multiple of dollars to American copyright proprietors for every dollar paid by Europeans. (If foreign uses equal 25% of the total use of American works, that multiple is 3:1.) Thus, assuming a 3:1 multiple, by proponents' own estimates, American consumers and users of music and motion pictures will incur an immediate annual cost of approximately $93 million due to the term change.

[133] This conclusion is shared by James Guinan, an independent analyst who composed the study on duration of protection for the Copyright Office as part of the copyright revision process. Guinan concluded that a term of life of the author plus thirty years constitutes the duration of limited time which best promotes the progress of science and the useful arts. *See* GUINAN, *supra* note 5, at 27. *See also* Puri, *supra* note 70, at 13, 18-19 (no justification for current lengthy period; term should be dramatically shortened); *House Hearings*, *supra* note 11, at 393 (statement of Professor J.H. Reichman) (good case for shortening the seventy-five year term afforded corporate works). For advocacy of a more radical decrease in the term of protection, *see* JAMES BOYLE, SHAMANS, SOFTWARE, AND SPLEENS 172 (1996) (copyright should subsist for only twenty years). Spain's shift in 1987 from life plus eighty to life plus sixty demonstrates that reduction in copyright periods is actually possible. What is required are transitional provisions to insure that rights in existing works are not diminished.

[134] With life plus fifty the United States was in compliance with both Berne and TRIPs. Data from the World Intellectual Property Organization (WIPO) reveal that an overwhelming majority of countries fix the general length of protection at life plus fifty years. *See* Alison Butler, *The Trade-Related Aspects of Intellectual Property Rights: What is At Stake?*, FED. RESERVE BANK OF ST. LOUIS REV., Nov.-Dec. 1990, at 34, 36 (life + 25 — 8 countries; life + 50 — 75 countries; life + 50+ — 9 countries); World Intellectual Property Organization, Existence, Scope and Form of Generally Internationally Accepted and Applied Standards/Norms for the Protection of Intellectual Property 24-25, GATT Doc. MTN. GNG/NG11/W/24/Rev. 1 (Sept. 1988). Since 1990 the number of countries with life + 50 has, of course, increased as more have joined the Berne Convention. *See* M.J. Bowman & D.J. Harris, MULTILATERAL TREATIES; INDEX AND CURRENT STATUS 9-10 (1984); M.J. BOWMAN & D.J. HARRIS, MULTILATERAL TREATIES 148 (11th Supp. 1995) (current Berne count is 105); Intellectual Property Laws and Treaties, January 1999, at 14-16 (current Berne count is 134). Additionally, the number of countries with terms beyond life + 50 has increased as the European Union countries and some countries connected with the EU, whether

ther emphasizes the undesirability of the extension legislation. If a decrease is not feasible, the next best option was to retain the generous life + 50 term, a term which is consistent with that of approximately ninety percent of the member countries of Berne and which accords better than an increased period with the limiting policies expressed in the copyright clause.

B. A Lengthened Term and Alternatives to Copyright

The rights granted to copyright proprietors and the limitations — specific and general, statutory and judge-made — on these rights represent an effort to strike an appropriate balance between producers and users of intellectual and artistic works. In determining these rights, the term of protection is a key component of the overall design. The present term of

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by treaty of association or by application for membership, have enacted the life + 70 term.

The rhetoric of international leadership is peppered throughout the debate on the Copyright Term Extension Act. For example, Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, testified before a House subcommittee:

> Increasing the copyright term may help to reaffirm the role of the United States as a world leader in copyright protection. By taking the lead, and increasing protection in the United States, we encourage our trading partners to follow our lead and increase the term of protection which will benefit American copyright holders . . . .

House Hearings, *supra* note 11, at 220.

In a similar vein, Marybeth Peters, the Register of Copyrights, asked rhetorically: "[Given] that at some point in the future the standard will be life plus 70 . . . [t]he question is at what point does the United States move to this term?" *Id.* at 197. It is not at all clear, though, how following the lead of the European Union by increasing the American term to match theirs constitutes leadership. And rather than accepting Peters' fatalistic and highly questionable assumption about future standards, the United States would have been better served by using its international influence to reinforce the prevailing life plus fifty term. The EU Term Directive represents a proposal to the world of a new standard, and that proposal should have been rejected by the United States. Moreover, as previously noted, note 95 *supra*, the simplest way to remedy the alleged discrimination against American copyright owners in Europe and to achieve equal treatment of European and American authors was not by passage of the extension bill here but by having our trade representatives insist on the elimination of Europe's rule of the shorter term and the provision of full national treatment by the European countries.

There is a marked difference between the exercise of international copyright leadership and the opportunistic seizure on a foreign change — one stimulated by different interests and made to serve different objectives — in order to secure windfall benefits for copyright proprietors with no regard for the costs to consumers and users of works.

protection is excessive, and it is important to recognize its disservice to the social goal of advance of learning and culture. One policy implication is that when protection for new forms of creative work is being considered, those works should not be quickly assimilated to the copyright model, as one central element of that protective model is skewed, bespeaking inattention to the costs created by exclusive rights. Secondly, recognition of this defect in the copyright system should make us more open to consideration of alternatives to intellectual property rights as a response to the incentive problem. An example is some form of reward system which engenders incentives to innovate while enriching the public domain by not restricting reproduction and dissemination.[135] Similarly, the acknowledged need for caution about overreliance on exclusive rights as a policy tool suggests that serious attention be given to an increased role for the public provision of information in the digital environment.[136]

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[135] *See* Steven Shavell & Tanguy van Ypersele, Rewards Versus Intellectual Property Rights (John M. Olin Center for Law, Economics, and Business, Discussion Paper No. 246, 1998)(optional reward system superior to intellectual property rights); Steve P. Calandrillo, *An Economic Analysis of Property Rights in Information: Justifications and Problems of Exclusive Rights, Incentives To Generate Information, and the Alternative of a Government-Run Reward System*, 9 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 301 (1998) (reward system more compelling than current intellectual property regime). In a similar vein, the deleterious impact of excessive copyright length could be partially remedied by positive action by the Government to insure that important ideas are disseminated. Subsidies of important users, such as libraries, universities, and museums, are examples of such action. The desirability of these steps — which represent ways of compensating consumers for some of their losses stemming from political weakness — is underscored by the realization that the dissemination of some portion of the creative work being subsidized is critical to the optimum operation of our democracy.

[136] *See* Samuel E. Trosow, *Economic Analysis and Copyright Law: Are New Models Needed in the Digital Age?*, 17 LEGAL REF. SERV. Q. 161 (1999).

THE DEVELOPMENT OF INTERNET EDUCATION AND THE ROLE OF COPYRIGHT LAW

by RYAN CRAIG*

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PREFACE

This paper discusses the competitive position of universities in the market for Internet courses. It does not address (scalable) Internet educational products not requiring traditional forms of interaction found in on-campus courses.[1]

Special thanks to Professor James Boyle, visiting at the Yale Law School 1998-99, and Peter O. Price for the introduction to the subject and for his support and encouragement.

INTRODUCTION: HIGHER EDUCATION VIA THE INTERNET

A. The Onset of Internet Learning

Internet learning promises to put distance education at the center of U.S. higher education. With the emergence of a user-friendly graphical navigation interface for the Internet (World Wide Web) in the early 1990s, it quickly became apparent that professors could utilize this new medium to do more than post syllabi and other course materials — they could use it to interact with students. These interactions could be both asynchronous (threaded discussions, bulletin boards) as well as synchronous. Most important, the courses would be accessible anytime, anywhere. No previous distance education medium had all these qualities.[2] The only thing that comes close (or exceeds it) — or so goes the thinking — is the on-campus experience itself.

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[1] Recently, a number of universities have begun to deploy free knowledge programming. Harvard Business School's "portal" is called HBS Working Knowledge and is available at http://hbsworkingknowledge.hbs.edu. Visitors to the site can browse more than a dozen management topics featuring timely articles and essays on diverse management topics, interviews with HBS professors and industry leaders, book recommendations and Web site reviews. Wharton also has a similar service. *Harvard Business School Opens Portal for Business Community; "HBS Working Knowledge" Offers Business Information and Research*, BUSINESS WIRE, Jan. 19, 2000.

[2] For a brief history of distance education, *see* Appendix A, *infra*.

And so, over the past few years, university administrators have begun to compare Internet education to the traditional on-campus model, and have found the traditional model deficient in two related respects. First, Internet courses allow universities to expand access faster than it would take to build physical facilities, and therefore better serve a hungry public (vast segments of which have felt cut off from higher education).[3] Universities are staring into the face of a huge demographic bubble of college-age students which might be as big as three million nationwide.[4] Lev Gonick, University Dean for Academic Computing at California Polytechnic University, Pomona, says he's "facing 'Tidal Wave II' — an additional 110,000 to 125,000 students in the next fifteen years. That represents building an institution the size of Cal Poly Pomona with 20,000 students every year for the next seven years. That's not going to happen. The brick and mortar solution is not going to happen."[5] Exacerbating the problem is the return of older students. In 1972, just 28% of U.S. college and university students were over twenty-five. By 1980, this percentage was 34%, in 1994, 41%,[6] and today 45%.[7] In addition, widespread Internet education would open up university doors to excluded populations like people with disabilities, residents of remote areas, prisoners and sailors.[8] Moreover, increased ac-

[3] "Phil Agre, professor of communication at U.C.S.D., observed that the very ideal of liberal education has long presupposed a distance between the educated person and the rest of society. A possible benefit of distance learning might be to overcome this distance." Landon Winner, *Report From the Digital Diploma Mills Conference*, TECH KNOWLEDGE REVUE 1.1, June 2, 1998. Glenn Jones, cable and now Internet education entrepreneur sees "100 million people [in the U.S.] who need some kind of additional education, and . . . only 15 million seats in universities." William Bulkeley, *Internet University Jones International Is Accredited To Grant College Degrees*, WALL ST. J., Mar. 9, 1999, at B6.

[4] Pamela Burdman, *Classrooms Without Walls*, S.F. CHRON., July 20, 1998, at A1.

[5] Winner, *supra* note 3. Nor will it happen internationally. "Right now, one large, new campus would need to open every week, somewhere in the developing world, just to maintain present participation rates." Sir John Daniel, *Why Universities Need Technology Strategies*, CHANGE, July/Aug. 1997, at 12.

[6] Lisa Gubernick & Ashlea Ebeling, *I Got My Degree Through E-Mail*, FORBES, June 19, 1997, at 84. In 1995, 82% of colleges and universities offering distance education opportunities reported that increasing student access was "very important." NATIONAL COUNCIL FOR EDUCATION STATISTICS, STATISTICAL ANALYSIS REPORT: DISTANCE EDUCATION IN HIGHER EDUCATION INSTITUTIONS 31 (1997) [hereinafter STATISTICAL ANALYSIS REPORT].

[7] Peter Appelborne, *Education.com*, N.Y. TIMES, Apr. 4, 1999, at Education Life 26.

[8] CYNTHIA C. JONES SHOEMAKER, LEADERSHIP IN CONTINUING AND DISTANCE EDUCATION IN HIGHER EDUCATION 14 (1998). In 1995, 64% of colleges and universities offering distance education opportunities reported that in-

cessibility will produce higher enrollments in classes that would otherwise be unacceptably small, and therefore allow such courses to be offered.[9]

The second, related benefit is reducing the cost (or the rate of increase in the cost) of education through lower capital expenditures and economies of scale in delivery. The average cost of educating a college student grew from $5,000 to $11,000 between 1980 and 1997.[10] So while U.S. families used to pay 9% of median family income to send a child to college, that number is now 15%.[11] There are numerous reports of universities saving money by adopting new instructional technologies. Red Rocks Community College's distance learning program reduced its instructional costs by as much as 41%.[12] Rensselaer Polytechnic Institute (RPI) replaced introductory math and science courses with workstation-based courses and reported savings of between $10,000 and $150,000 per course.[13] Oracle CEO Larry Ellison[14] says the cost of delivering higher learning over the Internet will be "one tenth" the amount spent today.[15]

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creasing access to new audiences was "very important," and 33% said it was "important." STATISTICAL ANALYSIS REPORT, *supra* note 6, at 31.

9 ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, CENTER FOR EDUCATIONAL RESEARCH AND INNOVATION, LEARNING BEYOND SCHOOLING: NEW FORMS OF SUPPLY AND NEW DEMANDS 30 (1995) [hereinafter LEARNING BEYOND SCHOOLING]. In 1995, 54% of colleges and universities offering distance education opportunities reported that increasing enrollment was "very important" and 34% said it was "important." STATISTICAL ANALYSIS REPORT, *supra* note 6, at 31.

10 Gubernick & Ebeling, *supra* note 6, at 84.

11 Daniel, *supra* note 5. *See also* TESSA KAGANOFF, RAND CORP., COLLABORATION, TECHNOLOGY, AND OUTSOURCING INITIATIVES IN HIGHER EDUCATION: A LITERATURE REVIEW, Mar. 1998, at 4 ("The cost of resources for higher education, which is calculated as the Higher Education Price Index (HEPI), has been increasing at a faster rate than the Consumer Price Index (CPI). The authors of the CAE report calculated that, between 1961 and 1995, the HEPI had more than a six-fold rise, whereas the CPI had about a fivefold rise").

12 KAGANOFF, *supra* note 11, at 11.

13 *Id.* at 12.

14 An investor in an Internet education for-profit corporation, *see infra*.

15 Mo Krochmal, *Educational Elite Will Deliver Digitally*, TECHWEB, May 26, 1998. *But see* David F. Noble, *Digital Diploma Mills: The Automation of Higher Education*, MONTHLY REV., Feb. 1, 1998, at 38. ("Experience to date demonstrates clearly that computer-based teaching, with its limitless demands upon instructor time and vastly expanded overhead requirements-equipment, upgrades, maintenance, and technical and administrative support staff-costs more, not less, than traditional education, whatever the reductions in direct labor, hence the need for outside funding and student technology fees.") Noble also notes: "Recent surveys of the instructional use of information technology in higher education clearly indicate that there have been no significant gains in either productivity improvement or

Nonetheless, the evidence of cost savings through the deployment of Internet learning technologies is scant and there is some anecdotal evidence that no cost savings have been realized.[16] Regardless, there are other cost savings. Students' transaction (commuting) costs incurred in a course of study will be lower, thereby reducing the effective cost of being a student.[17]

As of 1997-98, there were an estimated 1,661,100 enrollments in all distance education courses, and 1,363,670 enrollments in college-level credit-granting distance education courses.[18] This number is expected to grow to 2.2 million by 2002.[19] Currently, most students enrolled in distance courses are being instructed in non-digital media, although asynchronous Internet instruction is already the single most popular mode of delivery, with between 57 and 61% of institutions offering distance learning courses in 1997-98 employing this technology (a number nearly three-times that of 1995).[20]

In 1997-98, U.S. colleges and universities offered an estimated 54,470 different distance education courses, most of which were college-level, credit-granting.[21] TeleEducation's TeleCampus course directory lists over 40,000 Internet courses from U.S. and international providers.[22] By 2002, it is projected that 85% of two-year colleges and 84% of four-year colleges will offer distance (mostly Internet) courses.[23] The growth in California alone is anticipated to come close to matching all current distance learning

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pedagogical enhancement. Kenneth C. Green, Director of the Campus Computing Project, which conducts annual surveys of information technology use in higher education, noted that 'the campus experience over the past decade reveals that the dollars can be daunting, the return on investment highly uncertain . . . . We have yet to hear of an instance where the total costs (including all realistically amortized capital investments and development expenses, plus reasonable estimates for faculty and support staff time) associated with teaching some unit to some group of students actually decline . . . .'" *Id.*

16 NATIONAL COUNCIL FOR EDUCATION STATISTICS, STATISTICAL ANALYSIS REPORT: DISTANCE EDUCATION IN HIGHER EDUCATION INSTITUTIONS 1997-98 8 (1999) [hereinafter STATISTICAL ANALYSIS REPORT 1997-98].

17 LEARNING BEYOND SCHOOLING, *supra* note 8, at 30.

18 STATISTICAL ANALYSIS REPORT 1997-98, *supra* note 16, at iv.

19 *Distance Learning On The Rise, Says IDC*, NEWSBYTES NEWS NETWORK, Feb. 12, 1999.

20 STATISTICAL ANALYSIS REPORT 1997-98, *supra* note 16, at v.

21 *Id.* at iv.

22 Telephone interview with Rory McGreal, TeleEducation. (Nov. 3, 1999).

23 *Distance Learning On The Rise*, *supra* note 19. Nancy Herther, President of High Tech Ventures, Inc., predicted in 1997 that, within five years virtually every major institution of higher education in the United States will offer at least a portion of its classes over the Internet. Barry Simmons, *New 'Distance Learning' Via Internet is Far Out*, WASH. TIMES, Nov. 14, 1997, at G7.

in the U.S., with 900,000 students taking 16,000 Internet courses by 2003.[24] The federal government is also backing Internet learning. The 1998 Higher Education Amendments open certain distance learning programs for the first time to federal student grant and loan programs.[25] And corporations are fueling the growth by helping their employees finance continuing education. According to the University Continuing Education Association, 63% of private firms provide assistance to employees taking continuing education offerings.[26]

All this has led experts like Ted Marchese to conclude that although distance providers currently claim just 2% of the postsecondary market today, these factors could "quickly balloon that market share by a factor of 10."[27] A PricewaterhouseCoopers report predicts that electronic education will eventually serve 50% of total student enrollment in community colleges, and 35% of total student enrollment in four-year colleges and universities.[28] Management guru Peter Drucker thinks that "Universities won't survive . . . distance learning [which is] coming on fast."[29] "The future is outside the traditional campus, outside the traditional classroom."[30] Dr. Douglas Van Houweling, CEO of the University Corporation for Advanced Internet Development, the Washington-based consortium of universities and private-sector partners established to implement Internet2, says that "[a] decade from now, it wouldn't surprise me if the majority of education took place in people's homes, in people's offices, on the production line, wherever it is needed."[31]

Currently, most Internet learning programs are being offered by large public universities. Public two-year and four-year institutions combined offered nearly 80% of all distance education courses offered in 1997-98. Nearly 80% of public four-year institutions offered distance programs in

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[24] Brooke Barnes, *Virtual College Seeks Deal for Book Sales*, WALL ST. J., June 24, 1998, at CA1.

[25] Edward Miller, *From a Distance, Online Education Looks Like a Good Idea*, THE WORLDPAPER, Dec. 1, 1998.

[26] Continuing Education (graphic), TIME, July 20, 1998. One quick note on corporate training: As of 1997, 81% of large corporations were using the Internet for some training programs. Total corporate training being conducted online will grow from 16% (in 1997) to 28% in 2000. This will also fuel the development of Internet education middleware and applications, as well as general acceptance of the medium. *Distance Learning Stats*, GROUP COMPUTING, Sept./Oct. 1998, at 48.

[27] Ted Marchese, *Not-So-Distant Competitors: How New Providers Are Remaking the Postsecondary Marketplace*, AAHE BULL., May, 1998.

[28] Appelborne, *supra* note 7, at Education Life 26.

[29] Gubernick & Ebeling, *supra* note 6, at 84.

[30] *Id.*

[31] Robert Cwiklik, *A Different Course: For Many People, College Will No Longer Be a Specific Place, or a Specific Time*, WALL ST. J., Nov. 16, 1998, at R31.

1997-98, compared with less than 20% of private four-year institutions.[32] In the fall of 1998, the Florida State system had 70,000 students enrolled in 1,800 distance courses, including 31 different degree programs.[33] The newly-opened Florida Gulf Coast University had 16% of its spring 1998 enrollment in distance learning courses and hopes to boost that to 25%.[34] The University of California — which needs to gear up for nearly a million more students — has also been very active, particularly UCLA.[35] Facing "Tidal Wave II," California State University has planned a new campus, on the old Fort Ord site in Monterey Bay, which will enroll a majority of its projected 25,000 students online.[36] Penn State calls its online program the "World Campus" and treats it as the system's twenty-fifth campus.[37] In only six months, the World Campus attracted 600 students, heading for a projected 10,000 in four years — after the university and its partners invest between $10 to $12 million.[38] Other leaders include the University of Maryland, which created an online master's degree program back in 1997, and the University of Arizona.[39]

All this activity encouraged the creation of the Western Governors' University (WGU). Created by seventeen western states and spearheaded by Utah Governor Mike Leavitt, WGU is a stand-alone institution, independent of any of the member states and state university systems, offering a complete "competency-based" curriculum online and granting degrees.[40] Its business plan envisions 95,000 students in a few years and Governor Leavitt foresees WGU becoming the "New York Stock Exchange of technology-delivered courses."[41] None of this potential has escaped for-profit corporations. Fourteen major corporations like IBM, Sun Microsystems, AT&T, Cisco, 3COM, Microsoft and KPMG are partners in WGU.[42] Many corporations see what NationsBanc Montgomery Securities described in a 1998 report as: "a revolution in an industry that can only be characterized by words such as 'inefficient,' 'cottage industry,' 'low tech,' and 'lack of professional management.'"[43]

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32 STATISTICAL ANALYSIS REPORT 1997-98, *supra* note 16, at iii.

33 *Internet Classes Irritate Faculty*, ASSOCIATED PRESS, July 27, 1998.

34 *Id.*

35 Noble, *supra* note 15, at 38.

36 Burdman, *supra* note 4, at A1.

37 Appelborne, *supra* note 7, at Education Life 26.

38 *Id.*

39 Simmons, *supra* note 23, at G7.

40 Kenneth Weiss, *State Won't Oversee Virtual University*, L.A. TIMES, July 30, 1998, at A3.

41 Marchese, *supra* note 27. However, WGU's 1999 enrollment levels were disappointing, numbering less than 500.

42 Marchese, *supra* note 27.

43 *Id.*

One corporation had this vision before any of the others (and also well before the Internet came along). The University of Phoenix was founded in 1976. Its founder, John Sperling, came from higher education ("one of the most inefficient mechanisms for the transfer of knowledge that have ever been invented," he says), and utilized basic "economics [to] conceive of education as a production function, in which you specify the learning outcomes that you want — they're your product — and then do a regression and figure out the most efficient way of producing them."[44] By 1999, Phoenix boasted over 50,000 degree-credit students — 10,000 of whom were online — and physical facilities consisting of fifty-seven learning centers in twelve states.[45]

In March of 1999, Jones International University (JIU), a four-year old venture of cable-television entrepreneur Glenn Jones, became the second for-profit Internet education provider (and the first Internet-only provider) to be accredited.[46] JIU is hiring professors from elite schools (Columbia, Stanford) to design its courses and has already enrolled nearly 1,000 students from thirty-four countries.[47]

Some universities are even going into business for themselves. New York University announced in the fall of 1998 that it planned to create a for-profit subsidiary to develop and sell specialized online courses.[48] The University of Wisconsin is also studying this option.[49] As David Noble, a professor of the history of science and technology at Canada's York University, says, "Universities today are going into business for themselves, as the producers and distributors of commercial instructional products, or they are making deals with private firms for the production and distribution of online courses."[50]

Typical of these marketing and distribution companies looking to make deals with "content providing" universities is Caliber, a joint venture between Sylvan Learning Systems and MCI. Caliber operates a nationwide network of education centers linked by satellite, videoconferencing,

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44 James Traub, *Drive-Thru U.*, THE NEW YORKER, Oct. 20 & 27, 1998, at 117.

45 Marchese, *supra* note 27.

46 Bulkeley, *supra* note 3, at B6. Accreditation by the North Central Association of Colleges and Schools — the same agency which accredited the University of Phoenix.

47 *Id.*

48 Karen Arenson, *NYU Sees Profits in Virtual Classes*, N.Y. TIMES, Oct. 7, 1998, at B8.

49 *Id.*

50 David F. Noble, *Digital Diploma Mills, Part II: The Coming Battle Over Online Instruction* (visited Feb. 20, 1999) <http://news.flora.org/flora.comnet-www/1173>.

and the Internet.[51] Johns Hopkins is offering medical education programs through Caliber. And Wharton launched "Wharton Direct" — a program for "mid-level managers and technical professionals whose business education may not have adequately prepared them for current or future challenges" — in the fall of 1998 at Caliber centers across the U.S.[52] Caliber CEO Chris Nguyen says he is "in active dialogue with fifteen of the top thirty universities in the country," and gave examples of Columbia, Cornell and the University of Michigan.[53]

Other universities making marketing and distribution deals include Berkeley and M.I.T. Berkeley Extension had 1,300 students taking courses via AOL in mid-1998. The plan for late 1999 was 5,000 students taking 175 courses accessible via both AOL and the Internet.[54] M.I.T.'s Sloan School of Business made a distribution deal with PBS' The Business Channel (satellite distribution of content coupled with Internet interactivity).[55] All this activity left Langdon Winner of RPI somewhat faint after his departure from the 1998 Digital Diploma Mills Conference in California: "I came away from the conference with several firm impressions. . . . The extent of corporate penetration of higher education is even greater than I'd previously known and is spreading fast."[56]

B. Elite Universities and Internet Learning

The Internet is injecting competition into higher education — where there has been little or none. Farhad Saba, the editor of *Distance Education Report,* points out that while historically, colleges and universities have been responsible for and responsive to their immediate geographic areas, the Internet obviates geography and thus, as has been mentioned, creates a national market. Consequently, "seemingly endless product differentiation is the key to the viability of any market-driven endeavor. Educational enterprises [therefore] . . . need to differentiate themselves sharply in course offering, quality, and flexibility in order to prosper."[57]

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51 *Caliber Partners with Universities, Businesses*, DISTANCE EDUCATION REPORT, Sept. 1998, at 6.

52 Letter from Alison McGrath Peirce, Senior Director, Wharton Executive Education, to Will Lansing, CEO of Fingerhut Corporation (Sept. 16, 1998) (on file with the author).

53 *Caliber Learning Targeting Top Universities*, BLOOMBERG NEWS, July 9, 1998. Columbia's Teacher's College started offering two graduate certificate programs via Caliber this past September.

54 Marchese, *supra* note 27; Burdman, *supra* note 4.

55 Victoria Griffith, *Tuning in to Teaching on Television*, FINANCIAL TIMES, Aug. 3, 1998.

56 Winner, *supra* note 3, at 10.

57 Farhad Saba, *The Year Ahead: Will Distance Education Enter the Mainstream*, DISTANCE EDUCATION REP., Sept. 1998, at 1.

Of course, brand is the easiest and likeliest means by which universities will differentiate themselves. Howard Block, an analyst at Nationsbanc Montgomery Securities sees the Harvards of the world dominating in this new space because, "if I'm a student, brand is pretty important."[58] William F. Massy believes that "[t]he new competition will press most heavily on the broad middle portion of the higher education marketplace . . . institutions that fail to adapt will simply wither away."[59] Larry Ellison of Oracle agrees. He believes that Internet delivery will allow "[e]ducators [to] . . . make thousands, even millions of dollars teaching courses like physics 101."[60] Unfortunately, says Ellison, only about sixty institutions will be doing it, because only "[g]reat teachers' courses will be converted for electronic transmission."[61] A white paper issued by the consulting arm of Coopers & Lybrand predicts that "the creation of only twenty-five on-line courses could serve about eighty percent of the undergraduate enrollment in core courses."[62] Clinton Francis, a Northwestern law professor looks for a "prestige" law school to offer Internet courses to a large number of students. "[I]f Harvard chose to," he says, "it could enlarge its class . . . 10 times . . . then there's likely to be a race."[63] The result: "[A] major rethinking of the whole economics of law schools generally."[64]

Elite universities entering the Internet education arena should prosper at the expense of non-elite schools. Non-brand name schools in the U.S. and around the world will find themselves competing with not only each others' Internet courses, but also with branded Internet courses from elite universities. Dr. Michael Mortell, President of University College, Cork, Ireland, foresees "a lot of pressure . . . if Harvard, Stanford, MIT and Cambridge start using their vast resources to compete in the global academic market. Irish Universities will need to find niche markets such as Irish studies and market them globally."[65] Dr. John Tiffin, a professor of communications and distance learning pioneer at Wellington, New Zea-

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58 Bulkeley, *supra* note 3, at B6.

59 E-mail from William F. Massy (For Most Institutions, It's Adapt or Wither Away), in response to Ted Marchese, *Not-So-Distant Competitors: How New Providers Are Remaking the Postsecondary Marketplace*, AAHE BULL., May, 1998.

60 Krochmal, *supra* note 15.

61 *Id.*

62 Tina Kelley, *Virtual-Classes Trend Alarms Professors*, N.Y. TIMES, June 18, 1998, at G8.

63 Martha Neil, *Online Law School Aspires to Wire More Students*, CHI. DAILY L. BULL., Jan. 8, 1999, at 3.

64 *Id.*

65 Madeleine Lyons, *Colleges Can Reach Out to More With Online Education*, IRISH TIMES, Aug. 14, 1998, at 56.

land's Victoria University, says current intra-New Zealand competition for students is "idiocy."[66] "[W]ho wants a New Zealand MBA when you can have one from Harvard for the same price? . . . [U]niversity names will become international brands, like Harvard, Stanford, MIT and Le Sorbonne." Ted Marchese wonders what the post-secondary marketplace would look like if Microsoft, Deutsche Telekom, International Thomson, and the University of California got together to develop, market and distribute UC courses over the Internet. In time, he concludes, "its only competitor could be a combine of like standing and deep pockets: an IBM-Elsevier-NEC-Oxford combine, for example."[67]

It is crucial to look at the position of elite universities in order to determine the eventual course of (Internet) higher education not just because the elite universities will lead, but because the threat of elite university Internet programs is a major factor driving non-elite universities online. Second-tier schools are motivated by a "fear of getting left behind."[68] For if they get left behind, there is a real fear of imminent demise, or of "wither[ing] away."[69] The hope is that they can avoid this fate. "People *have* gone into panic mode," says David A. Wicks, director of instructional-technology services at Seattle Pacific University.[70] The University of Maryland proposes to reformulate its entire vision and operations in light of the opportunities and challenges of distance learning, because, "[w]hile campus-based education will continue to be the first choice at some period in students' lives, these same individuals may opt for distance alternatives more than once over their lifetimes."[71]

Not surprisingly, therefore, given the aforementioned activities of large public universities, elite universities have already initiated significant Internet education initiatives — with the help of for-profit corporations.

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66 Malcolm McDonald, *Education Competition 'Idiocy'*, THE DOMINION, Dec. 8, 1997, at 5.

67 Marchese, *supra* note 27.

68 Noble, *supra* note 15, at 38.

69 Vendors of Internet education technologies may also be playing an important role here. Michael R. Zastrocky, research director of academic strategies at Gartner Group, believes that "some colleges . . . are charging into distance education because companies have told them that peer institutions, not to mention those in what marketers like to call their 'aspiration group,' are already doing it." Jamie Horwitz, a spokesman for the American Federation of Teachers, agrees: "We think a lot of it is vendor-driven, not educator-driven . . . [There's a] [k]eep up with the Joneses' mentality that's out there." Goldie Blumenstyk, *The Marketing Intensifies in Distance Learning*, CHRON. OF HIGHER EDUC., Apr. 9, 1999, at A28.

70 *Id.*

71 University System of Maryland, *White Paper from the Chancellor's Symposium on Policy and Distance Education* (visited Feb. 16, 1999) <http://www.umuc.edu/ide/whitepap.html>.

Microsoft has just announced a $25 million investment to develop new Internet learning technologies in collaboration with M.I.T. — a project called I-Campus. UNext.com is creating Cardean — an online business school — with curriculum from Columbia, Wharton, Stanford, University of Chicago, Carnegie Mellon and the London School of Economics. UNext will not only be offering courses, but also dividing up each school's courses into "courselets" that will accommodate the needs of working people to learn specific subjects, such as accounting. As of late January, Brown and Williams were seriously considering an Internet course development proposal from Global Education Network (GEN), a company founded by Mark Taylor, a professor of humanities at Williams and funded by venture capital firm Allen & Co.[72] Newell M. Stultz, associate provost at Brown, sees GEN as "an adaptation of the way our education is delivered to its audience."[73] Kim B. Bruce, a professor at Williams and co-chairman of a committee formed to consider the company's proposal, said target audiences might include Williams alumni, continuing-education students, and advanced high school students.[74]

Many top schools are also pushing ahead on their own. Duke University's Fuqua School of Business has been offering its own online MBA program (global MBA or GEMBA) since 1996.[75] Stanford offers 100 engineering courses over the Internet.[76] And in the fall of 1998 Stanford began offering its first online degree program: a master's in electrical engineering.[77] Stanford's online enrollments in engineering already number 3,000.[78] Cornell University's first seven-month online "Entrepreneurship Certificate Program" launched January 8, 1999.[79] Harvard Business School is starting to design Web-based courses for executives that could go live within a year.[80] Kim Clark, Dean of HBS, hopes that by offering online courses Harvard will gain access to "many more people from the elite,

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72 Sarah Carr and Jeffrey R. Young, Brown U. and Williams College Consider Alliance With New Online-Education Company, CHRON. OF HIGHER EDUC., Jan. 19, 2000.

73 *Id.*

74 *Id.*

75 *The GEMBA experience: Program Overview* (visited Mar. 3, 1999) <http://www.fuqua.duke.edu/gemba.html>.

76 Appelborne, *supra* note 7, at Education Life 26.

77 *Stanford Offering Its First Complete Online Degree Program*, DISTANCE EDUC. REP., Sept. 1998, at 4.

78 Appelborne, *supra* note 7, at Education Life 26.

79 Letter from Charles W. Jermey, Jr., Associate Dean, Cornell University, to Graduates and Friends of Cornell University (Summer/Fall 1998) (on file with the author).

80 Mica Schneider & Nadav Enbar, *Harvard's Bold New Move Into Executive Education*, BUSINESS WEEK, Dec. 23, 1999 (No longer available online. Copy on file with the author).

niche market."[81] Moreover, a leaked consultant's report out of Harvard reveals that the U.S.'s most prestigious university is considering creating Harvard.com — "a university-wide Internet portal through which a user could gain access to data and programs from all of Harvard's schools as well as their distance learning offerings."[82] "[Harvard] is a global brand name without a global distribution system," says Susan Rogers, former chief technology officer of HBS and the consultant who authored the report.[83] Even staid Oxford University started offering two courses through its Department of Continuing Education in January 1999.[84] Sixty students have enrolled in the first course.[85] (Although Oxford was sure to point out that it might well be five years before any full degree courses are offered.)[86]

Columbia University made several announcements in 1999 — proving it to be perhaps most ambitious of all elite universities. Columbia's Business School was the first to make a deal with UNext.com. Columbia will license its courses for royalties that it will be able to convert into UNext stock.[87] Meyer Feldberg, the Columbia Dean who made the deal, isn't "interested in investing in bricks and mortar." Moreover, he sees a "huge upside," in Columbia's stake — "potentially . . . as big as anything we have going now [if and when there's an initial public offering]."[88] UNext is pursuing the Caliber model and has already made a deal with IBM to offer UNext courses to IBM employees in exchange for marketing support from the IBM Lotus unit sales force. More fundamentally, Columbia has incorporated a for-profit subsidiary, Morningside Ventures, to move University programs onto the Web, and has recruited a National Football League executive to run it.[89] Michael Crow, Columbia's executive vice provost, says Columbia has already spent several million dollars to develop Internet education ideas, but wanted the option of "tapping capital markets or devel-

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81 *Id.*

82 Sam Allis, *Harvard Ponders Marketing on the Net,* BOSTON GLOBE, Sept. 19, 1999, at A1.

83 *Id.*

84 Simon Targett, *Oxford to Offer Degree Courses Over Internet,* FINANCIAL TIMES, July 20, 1998, at A1. One course focuses on using computers more effectively. Another offers practical training in the use of databases by historians.

85 Appelborne, *supra* note 7, at Education Life 26.

86 Targett, *supra* note 84, at A1. Geoffrey Thomas, Director of Oxford's Department for Continuing Education, felt the *FT* didn't make this point clear enough, and so he reiterated it in a letter to the editor published on July 22, 1998.

87 Patrick McGeehan, *Business School Does Its IPO Homework, Links Up With Internet Education Firm,* WALL ST. J., Apr. 2, 1999, at C1.

88 *Id.*

89 Arenson, *supra* note 48, at B2.

oping alliances with other businesses [in order to] . . . compete with the wealthy companies that are now flocking to higher education."[90] Crow mentioned a "$50 or $100 million" figure. And for good reason given his ambitions: "We could have available the latest lectures on the [weather], real-time analysis of the latest research being done, maybe a three-day course on interannual and seasonal forecasting, or the chance to sit in on Prof. Mark Cane's great lecture on the historical evolution of long-range forecasting."[91] Ann Kirschner, the former NFL executive, says the aim is to do for learning what "Amazon.com has done for books."[92]

But while Amazon.com has yet to realize a profit, universities with Internet programs are pricing their Internet courses for profit (*i.e.*, to subsidize costly core on-campus activities).[93] Instead of taking advantage of savings on capital expenditures to provide online students with a tuition break, universities have almost universally decided to charge more for Internet courses — a reflection, they say, of the increased convenience to students. Stanford charges a 40% premium for its online engineering courses.[94] Duke's GEMBA program runs for nearly $85,800 — a whopping 50% above its on-campus MBA tuition.[95] Berkeley charges $415 per online credit vs. $400 per on-campus credit; UCLA charges $495 per online credit vs. $340 per on-campus credit; even the University of Phoenix charges more ($33,150) for an online degree than an on-campus degree.[96]

It seems that elite universities have a lot to gain from rushing into Internet education — largely at the expense of non-elite universities. They should be able to expand their reach and increase revenues. This paper argues that these potential benefits must be weighed against two factors: First, the extent to which elite universities will have to transform their core on-campus products (and, therefore, risk dilution of their brands) in order to compete in Internet education on any significant scale; Second, the likelihood that Internet efforts may poison their on-campus environments through a bruising battle with faculty over the copyright to Internet courses. As a result, elite universities like Stanford and Columbia may want to think again before launching an ambitious and expansive roster of Internet courses. And the future for non-elite universities may not be as bleak as currently thought.

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90 *Id.*

91 *Id.*

92 *Id.*

93 Granted, these Internet programs are in a start-up phase and the universities are likely in the mindset of recouping their investments as quickly as possible.

94 Appelborne, *supra* note 7, at Education Life 26.

95 Gubernick and Ebeling, *supra* note 6, at 84.

96 *Id.*

I. BRAND DILUTION

What do elite universities need to do to begin reaping these benefits? First, they must develop their online courses. In the traditional on-campus world, offering a course required hiring an experienced professor, assigning a classroom, handling enrollment and providing some degree of administrative support. But Internet education requires significant additional investment. "[F]rom the instructor's point of view," says Jane Pearlmutter, outreach program manager at the University of Wisconsin at Madison, "I can already tell you that course development time is greatly increased in the new format."[97] Jean McGrath, director of student services for Penn State's World Campus, says courses must be thought through and exist in their entirety before going online.[98] Put simply: No development, no course; it's impossible to wing it online. How much will this cost? Gerald Heeger, Dean of NYU's School of Continuing and Professional Studies, believes that "putting a course on-line and supporting it costs about $50,000."[99] Most other estimates, come in at least several multiples higher. The *San Francisco Chronicle* found a wide range for Internet course design: "[A]nywhere from $20,000 to $3 million per course."[100] Then there's the outsourcing benchmark. Andersen Consulting will design and build an Internet course for $80,000 per class hour. So an Andersen-developed three-credit (forty-five-hour) course would run around $4 million.[101]

According to eCollege.com (formerly RealEducation), a Denver corporation which provides a full range of Internet education services to universities,[102] there are two major elements of course development: course design by the professor (including identification of materials and organiza-

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97 Karen G. Schneider, *Net-based Continuing Education: What it Takes*, AM. LIBRARIES, Mar. 1, 1998, at 90.

98 *Courses Not Created by Instructors*, EDUC. TECH. NEWS, Dec. 23, 1998.

99 Arenson, *supra* note 48, at B8. Remarkably, this sum includes not only course development (with digital graphics, video and sound technology), but also teaching support and marketing.

100 Burdman, *supra* note 4, at A1.

101 Marchese, *supra* note 27.

102 "[Colleges] see a need to get active in [Internet education]," says Michael R. Zatrocky of the Gartner Group, but because many institutions lack the technical expertise to manage such undertakings, "[t]hey're looking at companies like eCollege to jump-start it." eCollege (then RealEducation) is in the process of more than quadrupling its sales force. Blumenstyk, *supra* note 69, at A27.

Companies like eCollege (formerly RealEducation) pose an additional intellectual property challenge for colleges and universities to that discussed *infra*. "If RealEducation animates a professor's graphic, for example, or integrates video clips with text into a two-minute presentation, the professor would have no right to use that animation or presentation in a course not offered under a RealEducation contract. What's more, if the college

tion of those materials), and supporting activities. Course design might run as much as $50,000 in compensation for faculty and graduate student course development assistants.[103] The real variable, however, is supporting activities. Specifically, course development cost will vary with the extent to which the course includes expensive "bells and whistles" like streaming video and animations or simulations, and with the sophistication of the graphic and page design. eCollege estimated that an average course utilizing 1-2 (digitized) primary texts might consist of the following elements:

Element	Amount	Real Ed. Cost[104]	Est. Market Cost[105]
Video	10 concepts @ 20 minutes ea.	$750	$3,000
Audio	20 concepts @ 30 minutes ea.	$1,000	$2,000
Webcasts[106]	3 @ 1 hour ea.	$0	$300
Animation/simulation	4 simulations @ 1 hour ea.	$10,000	$20,000
Pictures	10 per primary text	$0	$250
Graphs/charts	100 graphs/charts	$5,000	$5,000
Text	800 pages primary; 1,200 pages secondary	$0	$6,000
Index[107]	2,000 links	$0	$4,000
Quizzes	15 quizzes @ 10 questions ea.	$0	$300
Assignments[108]	6 collaborative projects	$0	$300
Communication sessions	1 discussion group per concept; unlimited self-initiated discussion groups and chats	$0	$0
Audio slide shows	20 slide shows @ ½ hour ea.	$0	$2,500
Graphic design	40 templates specific to course	$0	$30,000
Page design	Apply template to each page in course	$0	$20,000

later decided to switch companies, or to create its own virtual campus, it would have to re-create electronic versions of those courses." *Id.* at A30.

103 Telephone interview with Rob Helmick, CEO of eCollege.com (Jan. 26, 1999). Alternatively, faculty could be relieved from existing on-campus teaching and administrative duties, but universities would have to identify other resources to meet these responsibilities.

104 Cost of production (if necessary) and digitization. eCollege includes many services as part of a $5,000 course development fee because its business model involves taking $100 per enrollment on the back-end as long as the course is offered.

105 Cost of production (if necessary) and digitization. eCollege estimate.

106 Live streaming broadcasts over the Internet.

107 Bibliography, glossary.

108 Collaborative projects, exams.

Element	Amount	Real Ed. Cost[104]	Est. Market Cost[105]
eCollege fixed cost	1 course	$5,000	N/A
Total		$21,750	$93,650

Adding the course design expense of $50,000 to the total, it appears as if development of an average course should cost about $150,000.

And the decision to develop an Internet program is even more costly when (production and digitization) hardware and software are added to the equation. First, there is the server-side hardware, which will probably run $100,000 for the launch.[109] Then there's the cost of the middleware platform atop which the courses will be developed.[110] There are a number of off-the-shelf products on the market like WebCT, Virtual U., and Lotus Learning Space, which will cost between $5,000 and $50,000 for the launch (not including on-going licensing fees). But a university might select a more expensive, customized solution. Systems integrator iXL could create a customized platform for $300,000.[111] So an average middleware package would add another $100,000 to the $100,000 hardware cost. Then there are general administrative costs for a program manager and a director of technical operations. And the university can't forget about marketing. No one is going to enroll if word doesn't get out. And while many universities already market continuing education offerings, it is likely that a new Internet program will require a somewhat separate infrastructure, and additional marketing spending (Internet, print, television, mail). As a result, it is fair to say that the decision to launch an Internet program (at least five courses) is a million-dollar decision.[112]

The second challenge elite universities face in moving online is providing instruction, assuming that there will actually be a "teacher" rather than one-way interaction with developed course materials or programs. But to date, no major university has offered a "course" (as opposed to a module, unit or exercise) without human interactivity. ("Almost all current non-corporate training applications require interactivity.")[113] Jon Zit-

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109 Telephone interview with Lynda Rathbone, consultant at iXL. (Jan. 28, 1999) (assumes purchase of server, not outsourcing).

110 The middleware sits atop the server's operating system, generally Windows NT or Unix (included in the cost of the server).

111 Telephone interview with Lynda Rathbone, consultant at iXL. (Jan. 28, 1999).

112 In 1995, 43% of higher education institutions reported that "program development costs" were keeping them from starting or expanding distance learning offerings to a "major extent." Statistical Analysis Report, *supra* note 6, at 40. Nevertheless, many universities are "largely clueless about how much the new equipment and services will actually cost." Winner, *supra* note 3.

113 Anne C. Keays & Andrew J. Warren, *Is Distance-Learning Bill Balanced?* Nat'l L.J., Oct. 26, 1998, at B5.

train, director of Harvard's Berkman Center for Internet and Society, agrees, saying Internet courses are "still going to require some intermediary" to interact with students — to respond to e-mail, facilitate chats, and grade.[114] But functioning as such an intermediary, says Zittrain, may involve "more craft and less art" than current modes of classroom instruction.[115] As a result, this interactivity might be best characterized as "facilitation" rather than traditional "teaching." "In this new training environment, the educator is now more of a facilitator because the distance-learning organizations provide course content developed by experts in a particular field. And the facilitator, instead of using a traditional textbook, directs the students in practical applications and exercises via workbooks or interactive software."[116]

As a result, universities offering Internet courses will sever course development from teaching responsibilities. Universities will get current and prospective faculty "stars" to develop (and star in) Internet courses while non-star faculty (or more likely, graduate students) will provide the instruction or facilitation. This bifurcation is necessary for elite universities to take advantage of Internet learning's promise of expanded reach (enrollment) and to recoup the significant investment in course development. Star faculty aren't going to be able to interact with, monitor and evaluate hundreds (if not thousands) of students themselves. This is Jones' and Unext's model,[117] and others are also adopting it. All that's required to become an instructor at the University of Phoenix is an eight-week program (no course development).[118] Indiana University, "contracts with an expert to write the curriculum, make a video and gather materials. When he or she is finished, IU hires part-time faculty to teach the course."[119] Even Oxford plans to use "[s]pecial tutors . . . [to] supervise studies using e-mail Internet discussions and voice-based conferencing . . . ."[120]

With regard to the course developers, Jonathan Zittrain foresees the creation of a new class of academic celebrities, with top professors building worldwide reputations. Paul Saffo, director of the Institute for the Future, a Palo Alto, Calif., research and consulting firm, worries that Internet education might "set in motion a star-making machine that corrupts academia in the same way that TV corrupted football or baseball with

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114 Cwiklik, *supra* note 31, at R31.

115 *Id.*

116 Keays & Warren, *supra* note 113, at B5.

117 "Instruction [at JIU] is delivered by adjunct faculty who lead e-mail discussions and grade papers and exams." Bulkeley, *supra* note 3, at B6.

118 *Courses Not Created by Instructors*, EDUC. TECH. NEWS, Dec. 23, 1998.

119 *Id.*

120 *Oxford Prepares First-Time Internet Courses*, TECH TIMES, July 22, 1998.

outrageous salary differences."[121] Arthur Levine, President of Teachers College of Columbia University foresees the "Hollywoodization of academia" and envisions professors becoming sages on stages: "There's talent that can be making more money than they currently are. . . I'm waiting for the first academic agent."[122] James Wood, a San Diego State sociologist would not be surprised to find some of his colleagues out of work because "introductory courses can be taught online by star professors at other campuses."[123]

The career path of instructors or facilitators is less auspicious. Currently, these instructors are poorly compensated. At Phoenix, an online faculty member earns $2,000 per course, "teaching from a standardized curriculum."[124] And even though most Phoenix instructors are professionals from outside the field of education, *e.g.*, CPAs teaching accounting, Phoenix's remuneration is no higher than (non-profit) universities', where graduate students and post-doctorate adjunct professors are charged with most online instruction. Marvin Loflin, dean of the college of arts and sciences at the University of Colorado, Denver, plans to hire non-professorial "teaching associates" to teach online courses. He told the *Chronicle of Higher Education* that he was "prepared to make over the whole infrastructure of higher education."[125] Langdon Winner reports hearing "unemployed Ph.D.'s say how thankful they are for the $3,500 fee they receive for doing occasional on-line courses."[126] Not surprisingly, this trend has elicited much criticism from aspiring academics. Writing in the *Yale Daily News,* history graduate students Tom McCarthy and Ben Johnson characterized the instructor's role in Internet courses as "implementing" rather than "teaching."[127]

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121 Cwiklik, *supra* note 31, at R31.

122 Dan Carnevale & Jeffrey R. Young, *Who Owns On-Line Courses*, CHRON. OF HIGHER EDUC., Dec. 17, 1999, at A45.

123 Kenneth R. Weiss, *A Wary Academia on Edge of Cyberspace*, L.A. TIMES, Mar. 31, 1998, at 1. Vincent Aceto, State University of New York Faculty Senate President calls all this a "prostitution of learning." Andrew Brownstein, *Students Going Online to Get College Degrees*, ALBANY TIMES UNION, Jan. 11, 1999. Interestingly, professors teaching in NBC's Continental Classroom in the late 1950s and early 60s were "regarded as 'talent' and were paid . . . handsome annual salaries . . . ." JAMES ZIGERELL, THE USES OF TELEVISION IN AMERICAN HIGHER EDUCATION 28 (1991). *See* Appendix A, *infra*.

124 Gubernick & Ebeling, *supra* note 6, at 84.

125 Noble, *supra* note 50 (quoting CHRON. OF HIGHER EDUC., Mar. 27, 1998, at A30).

126 Winner, *supra* note 3, at 1.1.

127 Tom McCarthy & Ben Johnson, *Opinion*, YALE DAILY NEWS, Feb. 5, 1999. The criticism is reminiscent of 1960s junior faculty criticism of cable televi-

Certainly, elite universities already hold large classes and rely on graduate students for instruction. Yale contends that "only seven percent of all undergraduate enrollments [are] in courses with a graduate student serving as the primary classroom instructor," and in a typical undergraduate course "two-thirds of classroom time is spent with the professor, and one third is spent in a section."[128] At Princeton, the school's 1,700 graduate students teach "about forty-four percent of the classes," says university spokeswoman Mary Caffrey — mainly primary classes, science labs, foreign language classes and discussion sections.[129] But the emerging Internet education model is fundamentally different from even those elite universities where faculty are furthest removed from students. As mentioned, "implementing" requires fewer skills than "teaching," and consequently will draw less-talented personnel. Moreover, in Internet courses, faculty members will only be accessible through "gatekeeper"-like instructors — a far cry from Princeton's tradition of students in the mathematics department sharing afternoon tea with their professors each day.[130]

In effect, Internet students won't even be able to have tea with "facilitators." As with all Internet-based services, Internet education is inherently void of any human contact. Although "no one knows how much faculty contact is necessary for the learning/teaching process to be successful or whether technology can be as effective as personal contact,"[131] most administrators have little doubt that "virtual" students are missing out on some aspects of the traditional on-campus educational experience.[132] More fundamentally, critics charge that the distance cannot help but detri-

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sion instruction (where junior faculty would be called on to lead follow-up discussions). ZIGERELL, *supra* note 122, at 17. *See* Appendix A, *infra*.

But the complaints may not last long. Langdon Winner says, "[a]s [graduate students] adapt to this new regime, deplorable conditions are accepted as normal." Winner, *supra* note 3.

128 Alison Richard, *From the Provost*, YALE WEEKLY BULL. & CALENDAR, Apr. 19-26, 1999. Some Yale graduate students, attempting to get the University to recognize their organization for collective bargaining purposes, maintain that the appropriate measure is not the undergraduate's perspective, but rather the instructor's perspective (*i.e.*, total faculty time in classroom vs. total graduate instructor time in classroom) and arrive at a much higher percentage.

129 Kelly Heyboer, *Grad Schools Giving Colleges Cheap Labor*, NEWARK STAR-LEDGER, Feb. 1, 1999, at O11.

130 *Id.*

131 KAGANOFF, *supra* note 11, at 12. This alleged deficiency assumes students have meaningful personal contact in on-campus learning experiences — an uncertain proposition, especially at large institutions.

132 "To compensate at least partially for this lack, the [Stanford] Center for Telecommunications will provide online students [in its new Masters program] with a variety of interactive seminars, regular online discussions of relevant topics, and non-credit short courses on practical telecommunications top-

mentally impact pedagogy. So while Internet education is often praised for giving students more independence — for allowing exploration of the course of study — Mary Burgan, General Secretary of the American Association of University Professors (AAUP), has attacked Internet learning as leading teachers "to abandon . . . students to their own devices at exactly that stage in their learning when they most need guidance . . . ."[133] "Distance instruction," Burgan says, "tends to amplify some of the worst habits of today's students: an inability to concentrate, a tendency to read uncritically . . . ."[134] And Ed Condren, a Chaucer scholar at UCLA has criticized Internet learning for leading inexorably to competency-based education (the method deployed by Governors' Open University): "This step in the electronic direction . . . suggests that facts or degrees make one an educated person — instead of considered thought."[135]

Still, there is no firm evidence of lower educational quality or — more easily quantifiable — poorer educational results in distance courses. Most studies find no difference between distance learners and on-campus students when judged by test scores.[136] Even critics like David Noble haven't been able to pin down statistical evidence of lower quality.[137] Naturally, proponents like the University of Phoenix have reported higher scores for online students (5-10%), without recognizing the possibility (or probability) of self-selection error.[138] But some have made more convinc-

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ics." *Stanford Offering Its First Complete Online Degree Program*, DISTANCE EDUC. REP., Sept. 1998, at 4-5.

133 Winner, *supra* note 3, at 1.1. (Mary Burgan, General Secretary of the AAUP, Absence Makes the Heart Grow Colder, Keynote address, Digital Diploma Mills conference April 1998, Harvey Mudd College).

134 *Id.*

135 Burdman, *supra* note 4, at A1. Robbie McClintock, the Director of the Institute for Learning Technologies at Columbia University, argues that this is one reason we need not fear domination of Internet education — because the Internet can't capture "the full richness of a higher education." Cwiklik, *supra* note 31, at R31.

136 *See Stanford Offering Its First Complete Online Degree Program*, DISTANCE EDUC. REP., Sept. 1998, at 4 (Stanford studies finding no difference); Burdman, *supra* note 4, at A1. Of course, distance tests may be less reliable than in-class tests. In 1995, over one-half of evaluation in distance courses "sometimes" occurred at a distance. STATISTICAL ANALYSIS REP., *supra* note 6, at 30. Distance proponents counter with the fact that, unless test monitors are familiar with test-takers, there's no guarantee that in-class test-takers are actually who they purport to be.

137 *See* Noble, *supra* note 15, at 38 ("On the matter of pedagogical effectiveness, Ken Green noted that 'the research literature offers, at best, a mixed review of often inconclusive results, at least when searching for traditional measures of statistical significance in learning outcomes.'")

138 Gubernick & Ebeling, *supra* note 6, at 84.

ing arguments for at least the possibility of better results with Internet delivery.[139]

Nevertheless, it's clear that the emerging Internet education model will require elite universities to "dilute" their on-campus product — or at least create a very different product from that currently associated with the top brands. The question elite universities face, then, is the degree to which they want to associate those diluted or different products with their existing brands. If the links are close, they face a problem similar to that experienced by the University of Chicago this past year. In 1998, President Hugo Sonnenschein announced major changes to Chicago's core undergraduate experience (*i.e.*, increasing undergraduate enrollment by nearly 25% to 4,500, because "the university was on a financial course that [would] not sustain excellence," and downsizing the faculty and the Common Core — prescribed courses that have been traditional at U of C since the 1930s).[140] The plan was adopted, but only after tremendous rancor among faculty, students and alumni. "Sonnenschein envisions a university fundamentally different from the university we came to and sacrifice for," says Andrew Abbott, a sociology professor.[141] The faculty committee assigned to reflect on the matter pointed out in its January 1998 report: "It is sad but true that when an institution determines to do something in order to get money it must lose its soul . . . ."[142]

On the other hand, elite universities could separate Internet activities from their valuable brands. The University of Cambridge runs several major continuing education programs: (1) The Programme for the Public — liberal arts courses taught at Cambridge or in a regional center, mostly (70%) by non-Cambridge academics; (2) The Programme for Legal Studies — 50% taught by non-Cambridge academics; and (3) The International

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139 *See* Burdman, *supra* note 4, at 1.1. ("Linda Harisim, a professor at Simon Fraser University in Vancouver and director of a study of distance learning methods throughout Canada, reports that students actually participate more online. In traditional classrooms, the professor uses 80 percent of the allotted time and a handful of students dominate the rest, but in online courses, there are no inherent barriers to students who are shy, slow to formulate their ideas or facing linguistic challenges."); *see also* KAGANOFF, *supra* note 11, at 13 ("One theme frequently noted in the technology literature is that technology advancement is much more profound than mere automation. Whatever the context (either classroom or office), the introduction of technology can be accompanied by a reconsideration of the process being addressed. New technology provides a chance to rethink old assumptions about how processes are structure and even about how learning occurs.")

140 Marcy Mason, *Body Count*, CHICAGO, Sept. 1, 1998, at 51.

141 *Id.*

142 *Id.*

Summer Programme — 40% taught by non-Cambridge academics.[143] But involvement of non-Cambridge personnel doesn't evoke a negative reaction by Cambridge faculty, students and alumni because the Cambridge Board of Continuing Education, which runs the courses, is viewed as a separate entity by the University community.[144]

The problem with this approach, however, is that the assumption of elite university market dominance rests on the appeal of the brand. If Cambridge markets its Internet courses under a different name, or even under the brand "University of Cambridge, Board of Internet Education," the product loses some luster. The success of an elite university's Internet program will depend on the extent to which potential Internet students perceive they will realize an educational experience approximating the on-campus experience. These closely-tied Internet education products will generate the highest enrollments and revenues. And yet it is these very marketing tactics that will most alienate the university's traditional constituencies (faculty, students, alumni).

So unlike many retailers and traditional media companies, which have moved onto the Internet with relative ease, the educational services provided by elite universities do not translate as well to an online environment. For while the bookstore shopper isn't alienated by Barnes and Noble's claims with regard to the size of its Internet store, and while the *Newsweek* subscriber isn't bothered by the fact that the content is available online for free, elite universities — whose brand value is more closely linked to prestige than any utilitarian calculation — risk diluting their brand by linking it too closely with educational products which are (necessarily) watered down for (relatively more) mass consumption. Consequently, elite universities may want to limit their brand exposure to this space; perhaps limited Internet programs are preferable to diluting the existing brand in order to become the "Amazon.com" of higher education. In a very important sense, "Amazon" is irreconcilable with the appeal of an elite university.[145]

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143 Interview with Michael Richardson, Director of Continuing Education, University of Cambridge Board of Continuing Education. (June 11, 1998).

144 *Id.* Indeed, the Board of Continuing Education is located at Madingley Hall (in the village of Madingley), outside of Cambridge proper.

So perhaps elite universities could outsource instruction for their Internet courses (*e.g.*, enter into "teaching agreements" with second-tier schools to expand the branded institution's instruction resources, and therefore Internet reach). Such deals would be necessary for many top schools. Most of Princeton's graduate students are already earning as much as $32,000 a year for on-campus instruction work. Kelly Heyboer, *supra* note 129. More money isn't going to free up much more time for Internet instruction.

145 Of course, non-elite universities face none of these problems. *See infra.*

II. POISONING THE ON-CAMPUS ENVIRONMENT — THE BATTLE OVER COPYRIGHT

Regardless of elite universities' level of Internet activity, however, all universities — elite and non-elite — risk poisoning their on-campus environments by starting even a single Internet education program. This is because universities moving online are currently claiming a need for copyright protection of their Internet courses. The Consortium for Educational Technology for University Systems frames the issue as follows: "The university . . . likely is making an extraordinary investment in the project through the assignment of media resources and staff time. The university is not likely to make that investment at all without some prospect of future return of some kind, principally through future use of the project for reaching additional students."[146] Further, it will be difficult to recoup the cost of course development in the course's first offering. Assuming enrollment of 100 in a three-credit course and tuition of $2,000, revenues for the first offering would be $200,000. But variable marketing, teaching and administrative costs will consume a large portion of those revenues before funds are allocated to paying back the investment. If the university is lucky, it will make a profit on the third offering. So universities claim they need to be able to offer the course repeatedly — ideally, perpetually — regardless of whether the developing professor maintains her affiliation with the institution.[147]

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146 CONSORTIUM FOR EDUCATIONAL TECHNOLOGY FOR UNIVERSITY SYSTEMS (CALIFORNIA STATE UNIVERSITY, STATE UNIVERSITY OF NEW YORK, CITY UNIVERSITY OF NEW YORK), OWNERSHIP OF NEW WORKS AT THE UNIVERSITY: UNBUNDLING OF RIGHTS AND THE PURSUIT OF HIGHER LEARNING 27 <http://www.cetus.org/ownership.pdf> [hereinafter OWNERSHIP OF NEW WORKS]. Karen Melville of the University of Toronto's Faculty of Information Studies agrees, saying that before they invest, universities have to "have confidence that the course will earn enough to repay [the] capital investment in it." Schneider, *supra* note 97, at 90. "This could potentially have a dampening effect on course development by pushing schools to only offer 'sure bets' for their distance-learning courses." *Id.*

147 In addition, because faculty may leave the institution, the responsibility to keep course material current ultimately falls on universities. The University of Illinois' Intellectual Property Subcommittee's *Report on Courseware Development and Distribution* is a good summary of the university position: "[T]he University needs the right to maintain continuity beyond the original creator by creating derivative works, to the extent necessary to correct errors, keep the content current and relevant, and to maintain the usefulness and quality of the course material as a University instructional offering. . .[T]he course will become an integral part of an instructional offering or degree program, and the University will need to continue offering it even if the original creator leaves the University." University of Illinois Subcommittee on Intellectual Property, *Report on Courseware Development and Distribution*, Feb. 16, 1998 (visited Dec. 6, 1999) <http://

As a result, copyright ownership has become a precondition for all university development of Internet courses. Just as universities won't make proprietary deals with industry for the licensing of university inventions without first securing the patent, they won't develop Internet courses before securing copyright ownership.[148] As David Noble says, "before the universities can begin to trade on their courses, they must first control the copyright to course material. In this way, the emergence of Internet education has resulted in a paradigm shift for universities, which weren't very concerned with who owned the copyright to courses employing earlier distance learning technologies.[149] Course copyright is the sine qua non of [the production of Internet education] . . . ."[150] David Noble has even gone so far as to say that the future of higher education will be charted through copyright law:

> [T]he rather arcane matter of copyright and intellectual property has become the most explosive campus issue of the day. Here the battle line over the future of higher education will be drawn. For faculty and their organizations it is a struggle not only over proprietary control of course materials per se but also over their

www.vpaa.uillinois.edu/policies/courseware_report.htm> [hereinafter *Report on Courseware Development*].

148 "[With regard to patents] Universities thus established ad hoc arrangements with their own professors, giving them a share of revenues in exchange for their patent rights. Eventually, they adopted formal intellectual property policies similar to those devised many decades before by private industry: employees would be required contractually to assign their patent rights to the university as a routine condition of employment." Noble, *supra* note 50.

149 While Harvard allowed law professor Arthur Miller to develop "Miller's Court," an educational television show that helped explain the law to non-lawyers, in 1979, the situation had changed by 1999 when it did not permit Professor Miller to contribute to an online course on civil procedure developed by the Concord University School of Law, an online law school set up by Washington Post Co.'s Kaplan Educational Centers. "Harvard says that despite the surface similarities, Internet lectures aren't like an educational-TV program." Amy Dockser Marcus, *Why Harvard Law School Wants to Rein In a Star-Struck Professor*, WALL ST. J., Nov. 22, 1999, at A1. According to Harvard professor Alan Dershowitz, the reason is simple: "It's the money . . . . What distinguishes the Internet from everything else is the number of zeroes. The money is so overwhelming that it can skew people's judgment." *Id.*

150 Noble, *supra* note 50. "The New School in New York now routinely hires outside contractors from around the country, mostly unemployed Ph.D's, to design online courses . . . [who] are required to surrender to the university all rights to their course." *Id.* *See also* OWNERSHIP OF NEW WORKS, *supra* note 146, at 27 ("The inevitable complexities of such a [distance learning] project, and the uncertainties of future needs, raise the need for a clear agreement, in writing, among the parties before commencing production.")

> academic role, their autonomy and integrity, their future employment, and the future of quality education.[151]

Armen Gnepp, president of the Burlington County College Faculty Association says that copyright ownership has "become more of a contentious issue" and will probably raise the issue at future contract talks.[152]

I will begin this section by exploring the extent to which a copyright in an Internet course will actually protect an investment in course development. Then I will move on to a discussion of whether universities are likely to be successful at getting faculty to agree to produce Internet courses whose copyright will be owned by the university, and what that effort might cost in faculty-university relations.

A. Copyright Protection of Internet Courses

1. Copyright Protection of Traditional Courses

The Copyright Act does not grant exclusive rights in facts — §102(b) of the Act bars copyright in ideas, concepts, principles or discoveries.[153] But an educational course can be granted copyright protection. Section 101 of the Copyright Act defines a copyrightable compilation as "a collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship."[154] And generally, even in its most primitive form, a lecture or course of study is a compilation of uncopyrightable facts and ideas. In *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*,[155] the Supreme Court held that the substantive listings in a telephone directory are not accorded copyright protection.[156] Nevertheless, an ordering of information — a compilation — may be copyrighted where the "selection and arrangement . . . entail a minimal degree of creativity, [and] are sufficiently original . . . ."[157] And indeed, it is the ordering, selection and arrangement of the ideas, concepts, principles or discoveries that make a course a more pedagogically-benefi-

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151 Noble, *supra* note 50.

152 Carnevale, *supra* note 122.

153 17 U.S.C. § 102(b) (1994).

154 17 U.S.C. § 101 (1994).

155 499 U.S. 340 (1991).

156 *Id.* at 345.

157 *Id.* at 348. While *Feist* was the first Supreme Court explication of this concept, the concepts it validated had been offered by many lower federal courts, including — in the educational context — the Seventh Circuit in *Gelles-Widmer Co. v. Milton Bradley Co.*, 313 F.2d 143 (7th Cir. 1963) (educational flash card selection, arrangement and combination of basic arithmetical problems entitled to copyright protection, even if underlying arithmetical problems are not).

cial experience than reading through the encyclopaedia. So fittingly, it is these attributes in which an educator is accorded copyright protection.[158] So in a lecture or course, copyright will at least extend to the original selection and arrangement, if not to the professor's original expression itself.

But if a professor is simply speaking extemporaneously, she may be out of luck. For in order to receive protection under federal copyright law, a course first must be "fixed in a[ ] tangible medium of expression . . . ."[159] In *Fritz, DMA, Inc. v. Arthur D. Little, Inc.*,[160] the district court found that Plaintiff's copyright in his course materials only protected expression (selection, arrangement, etc.) insofar as he had set his ideas down on paper. "If [Plaintiff] came up with new course material extemporaneously — delivered orally while teaching — and [Defendant] took notes thereon and then included them in [his] course materials, this in itself would not amount to actionable copying . . . [because] based on a non-copyrighted source."[161] "Original words spoken aloud can be copied (and independently copyrighted) by all, if they have not previously been fixed in a tangible medium of expression."[162]

But what if a student simply wants to create a study aide for herself and her classmates? Isn't the free dissemination of ideas — even the professor's own ideas — a necessary condition for learning? Isn't copyright that condition's antithesis? Thankfully, the law recognizes the merits of these objections, and where professors have neither provided express nor implied licenses to take notes, the student may find refuge in fair use — a common law-developed, statutorily-codified doctrine that limits the level of copyright protection in education — at least compared with protection for other areas. Section 107 of the Copyright Act says that "fair use" of a

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158 *See* Nutt v. National Inst., Inc., for the Improvement of Memory, 31 F.2d 236 (2d Cir. 1929) (copyright infringement of lecture conveying memory improvement and business efficiency skills found where alleged infringer followed the "plan and arrangement" of Plaintiff's lecture); Powell v. Stransky, 98 F.Supp. 434 (D.S.D. 1951) (compact course of study and instructions for those who might be interested in the business of addressing envelopes from mailing lists of those engaged in the mail order business found infringed not as to ideas, but as to the plan, arrangement and form of the course). Even the form and arrangement of a standardized test's answer sheets are entitled to copyright protection. Harcourt, Brace & World, Inc. v. Graphic Controls Corp., 329 F.Supp. 517 (S.D.N.Y. 1971).

159 17 U.S.C. § 102(a) (1994).

160 944 F.Supp. 95 (D. Mass 1996).

161 *Id.* at 99.

162 *Id.* at 100. In addition, the 1909 Copyright Act provided copyright protection to "lectures, sermons and addresses," but only insofar as they were "prepared for oral delivery." 1909 Copyright Act § 5(c). Of course, this is no longer an issue for (inherently "fixed") Internet courses.

copyrighted work is not copyright infringement.[163] Fair use includes use "for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship . . . [and] research."[164] And in order to "determin[e] whether the use made of a work in any particular case is a fair use . . .," the Act sets out a four factor balancing test.[165] One important factor in the fair use analysis is whether the use is "of a commercial nature or is for nonprofit educational purposes."[166] This language is revealing: Uses of copyrighted material are either commercial or nonprofit/educational. Nonprofit uses are presumed to be educational, and educational uses are presumed to be nonprofit. Congress seems to have carved out a good deal of breathing room for (nonprofit) educational activities, but created a lot of uncertainty as to (even the existence of) commercial educational uses, like my burgeoning resale operation.

Nevertheless, the fact that all educational uses aren't automatically "fair uses" immune from the balancing test — as, on its face, § 107's preamble might indicate —demonstrates recognition of a need for some form of copyright protection in education. Perhaps at the writing of the 1976 Copyright Act, legislators realized that modern education is more complex than a network of (public) institutions engaged in an idyllic high-minded transfer of knowledge. (Education is now the second-largest sector of the U.S. economy (9% of GDP, just behind health care)[167] — a $600 billion market,[168] about half of which is spent on post-secondary education and corporate training.[169] And while much of this latter category is public spending, most is not.) As in other (non-educational) sectors, private parties may require some statutory protection before investing in the creation of intellectual property (which may be easily copied for a small fraction of the cost of development). The Supreme Court recognized as much in *Campbell v. Acuff-Rose Music*,[170] when it determined that commercial uses were not presumptively "unfair" because this "presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph

163 17 U.S.C. § 107 (1994). Neither is, generally, the making of one-off copies of copyrighted works in or by libraries and archives. 17 U.S.C. § 108 (1994).

164 17 U.S.C. § 107 (1994).

165 17 U.S.C. § 107 (1994).

166 17 U.S.C. § 107(1) (1994).

167 Julie Schmit, *Milken's Venture: Reading, Writing and Returns*, USA TODAY, July 21, 1998, at 5B.

168 All U.S. education and training expenditures by public and private institutions. Winner, *supra* note 3, at 1.1.

169 Marchese, *supra* note 27.

170 510 U.S. 569 (1994).

of § 107, including . . . teaching, scholarship, and research since these activities are 'generally conducted for profit in this country.'"[171]

Weighing these arguments, courts have been creative in their definition of what constitutes a commercial use of educational materials.[172] It might depend, for example, on whether the "use" is perceived to be by a reselling business (the commercial copier) or students (the educational users). In *Basic Books, Inc. v. Kinko's Graphics Corp.*,[173] the court focused on Defendant Kinko's role and ruled that Kinko's had exceeded its rights of fair use when it produced course packs of materials from textbook chapters. Influenced by Kinko's profit motive, the court was not persuaded that the copying was for "educational purposes." On the other hand, in the original Sixth Circuit decision in *Princeton University Press v. Michigan Document Services*,[174] the three-judge panel concentrated on the end users — the students — and found that because the copyright statute allows making "multiple copies for classroom use," it "requires us to consider copying as an integral part of 'teaching.'"[175] It was as if the students had made their own copies; the commercial copier has disappeared. The same result was reached in another decision which actually stuck: *Rubin v. Brooks/Cole Publishing Co.*[176] (Here, psychologist Zick Rubin awoke one day to find his copyrighted psychological instrument known as the "Love Scale" reprinted in the pages of another college textbook.[177] The copying was found to be fair use because the college textbook "is circulated within an educational setting for the purposes of teaching and higher learn-

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171 *Id.* at 584 (quoting Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 592 (1985) (Brennan, J., dissenting)).

172 And there are plenty of examples — as opposed to infringement actions for pure academic uses. "The fair use of materials for academic purposes is rarely the subject of judicial decisions — the litigation costs and attorneys' fees are prohibitive." Kenneth D. Crews, *Copyright Law, Libraries and Universities, Presentation to Association of Research Libraries, October, 1992* (visited Feb. 5, 1999) <http://www.ilt.columbia.edu/projects/copyright/papers/crews.html>.

173 758 F.Supp. 1522 (S.D.N.Y. 1991).

174 1996 WL 54741 94-1778 (6th Cir. Feb. 12, 1996). The Sixth Circuit voted to rehear the case en banc and subsequently held Michigan Document Services' use not "fair." Princeton Univ. Press v. Michigan Document Servs., 99 F.3d 1381 (6th Cir. 1996).

175 *Princeton*, 1996 WL 54741, at *7.

176 836 F.Supp. 909 (D. Mass 1993).

177 *Id.* at 917.

ing."[178] It's clear that fair use seriously complicates the question of copyright protection of educational materials.[179]

2. Copyright Protection of Internet Courses

Once digitized, a course will be considered "fixed"[180] and accorded exclusive rights to its original, copyrightable elements.[181] These rights are listed in 17 U.S.C. § 106 and — for our purposes — comprise the right to distribute to the public, the right to display and perform publicly (including the right to perform sound recordings publicly by means of a digital audio transmission), and the right to reproduce.[182] To what extent do these exclusive rights protect a course once digitized and placed on a Web

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[178] The "purpose" of the use is critical — not the nature of the material. In *Allen v. Academic Games League of Am., Inc.*, 89 F.3d 614 (9th Cir. 1996), students playing educational card games with Plaintiff's (commercial) products were found not to have infringed Plaintiff's performance right because the playing was educational and therefore "fair use." *Id.* at 617. On the other hand, the same psychologist, Zick Rubin, was aghast when he realized his (educational) *Love Scale* had been pilfered by (commercial) *Boston Magazine* and printed as a fun self-test. He was somewhat mollified, however, when his award of damages for infringement was upheld by the First Circuit. Rubin v. Boston Magazine Co., 645 F.2d 80 (1st Cir. 1981).

[179] Speaking of complicated, the fair use guidelines (which received congressional endorsement as a reasonable interpretation of minimal fair use rights) for nonprofit educational use of books and periodicals read, in part, as follows: "Multiple copies may . . . be made for pupils in a classroom, but this is not to exceed one copy per student. However, the copy must meet the tests for brevity, spontaneity, and cumulative effect . . . . The copied material can be used for only one course in the school. No more than one short poem, article, story, essay or two excerpts may be copied from the same author during one class term. Additionally, no more than three excerpts from the same collective work or periodical volume may be copied during one class term. There cannot be more than nine instances of multiple copying from one course during one class term. These limitations, however, do not apply to current news periodicals and newspapers and current news selections from periodicals. Copying shall not be used to create, replace or substitute for anthologies, compilations, or collective works. No copying of material which is 'consumable' shall occur . . ." H.R. REP. NO. 94-1476 § E (1976). For example, a teacher may not use material located on the Internet as a substitution for a textbook.

[180] "A work is 'fixed' in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." 17 U.S.C. § 101 (1994).

[181] Even extemporaneous communication or collaboration may be considered fixed if the middleware records and archives the activity in RAM and/or ROM. *See infra.*

[182] 17 U.S.C. § 106 (1994).

site, or — more generally — how strong is a copyright in a fully-developed Internet course?

a. Right to Distribute

Section 101 of the Copyright Act defines publication as "distribution of copies . . . to the public by sale or other transfer of ownership [or offer of sale]."[183] No means or mechanisms for distribution are specified, indicating that the owner of a copyright in an Internet course should be protected against all unauthorized digital sales.[184] But, of course, when a university or a corporation enrolls a student in an Internet course, the course is not transferred to the student. Rather, the student is allowed access to the digital course, but does not take possession of an actual copy. This has led some commentators to note that copyright law may not protect distribution rights on the Internet where the copyright owner does not physically part with the posted, copyrighted work.[185] As a result, the Working Group on Intellectual Property Rights of the Clinton Administration's National Information Infrastructure Task Force (NII Task Force) has proposed legislation that would secure an electronic publisher's exclusive distribution right when digital transmission is involved.[186] Nevertheless, any uncertainties as to this right are only relevant insofar as the owner of a copyright in an Internet course might want (or be able to) disaggregate this right from her other exclusive rights, *i.e.*, the set of circumstances in which a copyright owner's exclusive right to distribute an Internet course could conceivably be infringed is a subset of the set of circumstances outlined in the discussion of the owner's other exclusive rights, *infra*.

b. Right to Display and Perform Publicly

Section 101 of the Copyright Act defines a public performance or display as including a transmission of the copyrighted work, "by means of any device or process," where members of the public can receive the transmission "in separate places . . . at the same time or at different times."[187]

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183 17 U.S.C. § 101 (1994).

184 The protection comes in the form of the potential for an infringement action against the violator of the copyright owner's exclusive right to distribute (*i.e.*, the seller) — not against buyers. 17 U.S.C. § 501 (1994).

185 April M. Major, *Copyright Law Tackles Yet Another Challenge: The Electronic Frontier of the World Wide Web*, 24 RUTGERS COMPUTER & TECH. L.J. 75, 99 (1998).

186 The Working Group on Intellectual Property Rights, Information Infrastructure Task Force, Intellectual Property and the National Information Infrastructure (White Paper), app. 1, at 2 (1995) [hereinafter White Paper].

187 17 U.S.C. § 101 (1994).

Does this language cover display through Internet transmission? In *On Command Video Corp. v. Columbia Pictures Industries*,[188] the District Court found a violation of the copyright owner's exclusive right to public performance where Defendant's video display system transmitted movies from a central "server" to television receivers in individual hotel rooms. So because it shouldn't matter what type of wire or system is used to transmit the copyrighted work, it follows that a public performance would also be found for transmission of a copyrighted work over the Internet if individual users (clients) could similarly see or hear the work. Indeed, Congress has said that the display right precludes unauthorized transmission of the display from one place to another by a computer system.[189] And the Court in *Playboy Enterprises, Inc. v. Frena*,[190] found an infringement of Playboy's display rights by a Web site operator posting a number of Playboy's copyrighted images because the "concept of display is broad."[191] The exclusive right to public display covers not only "the projection of an image on a screen or other surface by any method, the transmission of an image by electronic or other means, and the showing of an image on a cathode ray tube, or similar viewing apparatus connected with any sort of information storage and retrieval system," but also "transmission of the display from one place to another, for example, by a computer system."[192]

As a result, the exclusive rights to publicly display and perform a copyrighted work protect a copyright owner against display via transmission over the Internet. A copyright owner is protected against those who would post the course (or copyrighted elements from that course) on their Web sites; it shouldn't matter whether the client computer is accessing the

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188 777 F.Supp. 787 (N.D. Cal. 1991).

189 H.R. REP. NO. 94-1476, at 64 (1976).

190 839 F.Supp. 1552 (M.D. Fla. 1993).

191 *Id.* at 1556.

192 *Id.* at 1556-57 (quoting H.R. REP. NO. 94-1476, at 64 (1976)). It may be more difficult to establish direct infringement by Internet service providers and on-line services than by the individual or entity which posted the copyrighted material in the first instance. "A majority of the cases decided to date seem to require that there be some kind of a direct volitional act [by an ISP or on-line service] in order to establish direct infringement. David L. Hayes, *Application of Copyright Rights to Specific Acts on the Internet*, 8 COMPUTER LAW. 1, 7 (1998). However, an aggrieved copyright owner will have less trouble making out a case of contributory infringement against an ISP or online service unless one of the four safe harbor provisions of Title II of the Digital Millennium Copyright Act (The Online Copyright Infringement Liability Limitation Act) applies, *i.e.*, ISP acts as a "conduit"; system caching; unknown storage of infringing materials; or information location tools. 17 U.S.C. § 512 (Supp. IV 1998).

server to download a file or whether the client is merely "browsing" — the infringement action would be against the performer or "displayer."[193]

Complicating the matter, however, is the specific fair use exception for educational public performance and display. The provisions of section 110(2) of the Copyright Act allow for classroom presentation of a copyrighted Internet course as long as the display or performance is part of "systematic instructional activities by a government body or a nonprofit educational institution," and "the performance or display is directly related and of material assistance to the teaching content of the transmission."[194] In addition, if potential students aren't able to attend classroom sessions due to disabilities or other special circumstances, the exemption extends to cover reception by individuals in any location.[195] Potentially further expanding this fair use exception (and diluting the strength of the copyright), on Sept. 27, 1996, guidelines were adopted as part of a "non-legislative" report by the House Subcommittee on Courts and Intellectual Property to address the performance and display of copyrighted works in some of the distance learning environments that have developed since the enactment of 17 U.S.C. § 110 and that may not meet the specific conditions of § 110(2).[196] These guidelines allow for performance or display of a copyrighted work as long as: (1) Reception is in a classroom, another similar place normally devoted to instruction, or any other site where the reception can be controlled by the eligible institution;[197] (2) The transmission takes place over a secure system with access limited to the class or program through the use of such technology as PIN, passwords, smartcards;[198] (3) The copyrighted work is only transmitted once during the course;[199] and (4) Technological means are utilized to prevent copying of the portion of the class session that contains the performance of the copyrighted work.[200] It is not considered fair use for the purposes of public display or performance when the copyrighted work is obtained pursu-

193 The Clinton Administration's NII Task Force has taken the view that allowing clients to browse through copies of a copyrighted work is a public display. White Paper, *supra* note 186, app. 1, at 45.

194 17 U.S.C. § 110(2) (1994).

195 17 U.S.C. § 110(2)(C)(ii) (1994). As a result, insofar as the right to publicly display and perform is concerned (*i.e.*, not considering the exclusive right to reproduce), a non-profit educational institution could offer another copyright owner's course over the Internet without threat of an infringement action as long as it somehow limited access to individuals with disabilities.

196 53 PAT. TRADEMARK & COPYRIGHT J. 125 (1996)(§ 6.2.3 of proposed fair use guidelines).

197 *Id.*

198 *Id.*

199 *Id.*

200 *Id.*

ant to a license or when there is any commercial use — including when a non-profit educational institution is conducting courses for a for-profit corporation.[201] The express bars to commercial use — here and in 17 U.S.C. § 110(2) — indicate that a for-profit subsidiary of a non-profit educational institution wouldn't benefit from this fair use exception, and that, as a result, the copyright owner's exclusive right to publicly display and perform her Internet course would only be diluted by § 110(2) to the extent that infringing uses could justifiably be found to be not-for-profit.

c. Right to Reproduce

All of the above issues are revisited in an exploration of a copyright owner's exclusive right to reproduce course materials posted on the Internet. This is because the browsers used to access the performance or display served up by a Web site first reproduce the information on the client computer before displaying it. This is called (client) caching. It can occur in random access memory (RAM),[202] in read-only memory (ROM) or some combination of both.[203] The question of whether RAM storage constitutes a "copy" for the purposes of the Copyright Act has been a troubling one. Section 101 of the Copyright Act defines "copies" as "material objects . . . in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."[204] The first voice to speak on the issue was the Ninth Circuit in *MAI Systems Corp. v. Peak Computer, Inc.*[205] The *MAI* court held that the loading of software into RAM creates a copy — prohibited under copyright law — since "the representation created in RAM is 'sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.'"[206] The re-

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201 *Id.*

202 RAM is the client computer's working memory. When the computer is turned off, copies saved in RAM are deleted.

203 Hayes, *supra* note 192, at 3. "When the user hits the 'Back' button, for example, the browser will usually retrieve the previous page from the cache, rather than downloading the page again from the original site. This retrieval from cache is much faster and avoids burdening the network with an additional download." *Id.*

204 17 U.S.C. § 101 (1994). As noted, "fixed" is defined as "sufficiently permanent or stable to permit [the copy] to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." *Id.*

205 991 F.2d 511 (9th Cir. 1993).

206 *Id.* at 518. *See also* Advanced Computer Servs. of Michigan, Inc. v. MAI Sys. Corp., 845 F.Supp. 356 (E.D.Va.1994) (holding that a computer program, in the form of electrical impulses in RAM, is adequately "fixed" to qualify as a "copy" for purposes of the Act because once a software program is loaded into a computer's RAM, useful representations of the program's informa-

sult in *MAI* has led several courts to find a violation of the copyright owner's exclusive right to reproduce the copyrighted work. The court in *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*,[207] found the ISP's automatic caching of a client's infringing Usenet posting on its server to be an infringement because "copies" within the meaning of the Copyright Act were created on the provider's computer in the course of transmission.[208] Then, citing both *MAI* and *Netcom*, the court in *Marobie-FL, Inc., v. National Association of Fire Equipment Distributors and Northwest Nexus, Inc.*,[209] found that even though Defendant Web hosting service "served up" infringing copyrighted material from ROM through RAM in order to break up the material into packets capable of being transmitted over the Internet — a process so fleeting that "typically only a portion of a file is in RAM at any one time"[210] — the copying may have constituted contributory infringement because the recipient was capable of perceiving and thus "fixing" the copy.[211]

Looking at *MAI* (which it characterizes as "quite unexceptional"), the NII Task Force's report titled "Intellectual Property and the National Information Infrastructure" (hereinafter, White Paper) concludes that "[i]t has long been clear under U.S. law that the placement of copyrighted material into a computer's memory is a reproduction of that material (because the work in memory then may be, in the law's terms, 'perceived, reproduced, or . . . communicated . . . with the aid of a machine or device')."[212] The White Paper argues this principle dates back to the Final Report of the National Commission on the New Technological Uses of Copyrighted Works (CONTU) — established by Congress in 1974 to make recommendations on software copyright protection — where it was said: "[T]he introduction of a work into a computer memory would, consistent with the [current] law, be a reproduction of the work, one of the

tion or intelligence can be displayed on a video screen or printed out on paper). *MAI v. Peak* has been widely criticized not only for concluding that RAM storage constitutes a copy (instead of exactly the type of transitory "copy" § 101 specifically excludes), but also for failing to consider that Defendant's "copy" may have been protected by the doctrine of fair use. Subsequently, Congress essentially overruled *MAI* by amending § 117 of the Copyright Act to generally allow copying of a computer program when a "copy is made solely by virtue of the activation of a machine that lawfully contains an authorized copy of the computer program, for purposes only of maintenance and repair . . . ." 17 U.S.C. § 117 (1994).

207 907 F.Supp. 1361 (N.D. Cal. 1995).

208 *Id.* at 1368.

209 983 F.Supp. 1167 (N.D. Ill 1997).

210 *Id.* at 1177.

211 *Id.* at 1178.

212 White Paper, *supra* note 184, at 64-65.

exclusive rights of the copyright proprietor."[213] But even the *MAI* court recognized that the CONTU report failed to differentiate ROM memory from RAM memory, and therefore provides little support for the proposition that RAM storage constitutes a copy.[214] Nevertheless, the White Paper would completely subsume the right to publicly display or perform a copyrighted work within the right to reproduce the work (because, as the White Paper recognizes, "[w]ithout . . . copying into the RAM or buffer of the user's computer, no screen display would be possible").[215] As a result, the exclusive right to reproduce would be the most important right possessed by the owner of a copyright in an Internet course in that it could permit infringement actions against both "performers" (Web site posters, hosts and competitive educational providers) and recipients (students).

But even if Congress ignores the White Paper and overrules *MAI* on the question of RAM copies, it's unclear that the protection provided an Internet course owner by copyright would be diminished. For the current versions of Netscape and Internet Explorer both make ROM copies of all Web pages viewed on the client hard drive. And although it is possible to restrict the size of the hard drive cache to eliminate this function, the vast majority of users not only don't know how to do this; they're not even aware of the client caching function (and wonder why the available space on their hard drive is slowly shrinking!).[216]

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213 H.R. REP. NO. 96-1307, pt. 1, at 13 (1978).

214 *MAI*, 911 F.2d at 511, 519.

215 White Paper, *supra* note 186, at 66.

216 Certainly, if RAM storage constitutes a "copy," then *a fortiori*, a (temporary) copy on a hard disk would be a "copy" because not erased when the power is turned off. But because once cached, Web pages are much more accessible, permanent and fixed than they are while in RAM — as "fixed" as possible in the digital world — the question of ROM storage should be independent of whether RAM storage constitutes a copy. So ROM copies are clearly "fixed" in a "material object . . . from which the work can be perceived . . . with the aid of a machine," and copyright protection of software and other digital content is coextensive with protection against ROM copies — on disk, CD-ROM, or downloaded to hard drive. *See, e.g.*, Sega Enters., Ltd. v. MAPHIA, 948 F.Supp. 923, 931-32 (N.D. Cal. 1996) (copies made each time Sega computer program files downloaded from computer bulletin board service); Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc., 907 F.Supp. 1361, 1368 (N.D. Cal. 1995) ("Even though the messages remained [stored in ROM] on their systems for at most eleven days, they were sufficiently 'fixed' to constitute recognizable copies under the Copyright Act").

The NII Task Force agrees. "In digital form, a work is generally recorded (fixed) as a sequence of binary digits (zeros and ones) using media specific encoding. This fits within the House Report's list of permissible manners of fixation. Virtually all works also will be fixed in acceptable material objects — *i.e.*, copies or phonorecords. For instance, floppy disks, compact discs

But before a court can enforce a copyright owner's exclusive right to reproduce an Internet course, it must first consider three defenses. First is the express limitation on the exclusive right to reproduce in 17 U.S.C. § 117(a)(1). This provision of the Copyright Act allows for the copying of a computer program as long as the copying is "an essential step in the utilization of the computer program . . . ."[217] But a Web page is not strictly a computer program, but rather digitized information stored on a server at a specific location (URL). One commentator has proposed that similar merger doctrine-type logic — this time that of *Baker v. Selden*,[218]— might compel the conclusion that those aspects of a work necessarily incidental to the idea, system or process that the work describes are not copyrightable.[219] Again, however, what's at issue is the protection of the copyrighted digitized material — the Web pages. And these cannot be construed as either elements of the server operating system, the client operating system or the client browser; the copyrighted material is fixed and subsists independently of all of these programs.

Another defense potentially available to students and competitive providers is the implied license doctrine. But as April Major points out, although many Web users and publishers believe in the existence of an implied license for the browsing and copying of copyrighted work, in the absence of an express agreement, it will be the alleged infringer's burden to establish an implied license in order to avoid liability.[220] The existence of an implied license must be resolved on a case by case basis, and unless there is a meeting of the minds between the copyright owner and alleged infringer, the defense of implied license will fail.[221]

The most promising defense to an action for infringement of the exclusive right to reproduce a copyrighted Internet course — especially for students — is fair use. As has been discussed, § 107(1) of the Copyright Act distinguishes "nonprofit educational purposes" from "use . . . of a

(CDs), CD-ROMs, optical disks, compact discs-interactive (CD-Is), digital tape, and other digital storage devices are all stable forms in which works may be fixed and from which works may be perceived, reproduced or communicated by means of a machine or device." White Paper, *supra* note 186, at 26.

217 17 U.S.C. § 117(a)(1) (1994).

218 101 U.S. 99 (1879).

219 Major, *supra* note 185, at 94 (citing Baker v. Selden, 101 U.S. 99, 104 (1879)). The author also points to the Second Circuit's decision in *Computer Assocs. Int'l v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992), concluding "that those elements of a computer program that are necessarily incidental to its function are similarly unprotectable." *Id.* at 705.

220 Major, *supra* note 185, at 89.

221 *Id.* at 90. *See* Herbert v. United States, 32 Fed. Cl. 293, 298 (1994)("The existence and scope of an implied license . . . necessarily depends of [sic] the facts of each individual case.") (*quoted in* Major, *supra* note 185, at 90).

commercial nature" as a factor favoring a finding of fair use. So if students are the perceived "users" they are probably covered by the fair use defense unless they are accessing the information in order to transmit it to others for profit, or if there is some commercial motivation in accessing the copyrighted material. The *Netcom* court reached this conclusion in dicta: "Absent a commercial or profit-depriving use, digital browsing is probably a fair use."[222] In any event, the *Netcom* court noted, probably because damages would be minimal, users or students "should hardly worry about a finding of direct infringement; it seems highly unlikely from a practical matter that a copyright owner . . . would want to sue such an individual."[223]

For competitive providers of Internet courses, as with the display right, fair use will probably hinge on whether the use is commercial. The House Subcommittee on Courts and Intellectual Property guidelines which provide a safe harbor for display and performance also touch on the exclusive right to reproduce a copyrighted work. In order to guarantee a

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[222] Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc., 907 F.Supp. 1361, 1378 n.25 (N.D. Cal. 1995). However, a profit-depriving use could be "where someone reads a copyrighted work online and therefore decides not to purchase a copy . . ." *Id.* Of course, this logic presupposes the answer to the question at issue: Whether reading an online copy should be a fair use? If it is a fair use, then there's no profit-deprivation, is there? (*i.e.*, deprivation relative to what?).

[223] *Religious Tech. Ctr.*, 907 F.Supp. at 1378 n.25. Moreover, student private, educational (and hence, non-commercial) use of a copyrighted Internet course fits within the historic pattern of fair use. In his survey of copyright law, *Copyright's Highway: The Law and Lore of Copyright from Gutenberg to the Celestial Jukebox*, Professor Paul Goldstein notes: "In the great majority of cases where courts have upheld a fair use defense . . . the cost of negotiating for the home videotaping or library photocopying exceeded the economic value of the use to which the copy was put, making it unlikely that the copier would have tried to negotiate a license." PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY: THE LAW AND LORE OF COPYRIGHT FROM GUTENBERG TO THE CELESTIAL JUKEBOX 170 (1994). The transaction costs in attempting to negotiate a license on behalf of a small, scattered group of individuals interested in taking an Internet course on advanced principles in *in vitro* fertilization are easily as great, if not greater than those in the home videotaping situation in *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), where the Supreme Court found fair use for private, non-commercial videotaping of copyrighted television programs and movies. Furthermore, students have an advantage over the home videotapers as they would be accessing a copyrighted Internet course for educational purposes. Note, however, that the entire transaction cost argument, like the *Netcom* court's language addressed *supra,* is framed as a "fair use as worthwhile exception to copyright protection" argument, and therefore privileges copyright protection over the public domain/fair use (as opposed to recognizing copyright law as a delicate balance between the two).

finding of fair use, competitive providers cannot: (1) Retain a recorded copy of a performance of a copyrighted work for more than fifteen days;[224] (2) Allow access to the recording or copy for such viewing in other than a controlled environment;[225] or (3) Allow copying by students of the portion of the class session that contains the performance of the copyrighted work.[226]

d. Proposed Reforms

The White Paper's "reforms" have already been addressed and would substantially strengthen copyright protection for Internet courses. Another proposed reform was Senator John Ashcroft's Digital Copyright Clarification and Technology Education Act of 1997, which specifically addressed copyright issues in Internet education. Senator Ashcroft's bill would have extended 17 U.S.C. § 110 to allow public performance of copyrighted courses for all "students officially enrolled in the course in connection with which it is provided," *i.e.*, regardless of whether students receive the transmission in the classroom.[227] The House version of this legislation, the Digital Era Copyright Enhancement Act, had a similar provision.[228] But because balancing the rights of copyright owners and students has proved so contentious,[229] the only action Congress could agree on in the Digital Millennium Copyright Act was to order the Copyright Office to consult with content providers, nonprofit educational institutions and nonprofit libraries in order to develop recommendations on how to promote distance learning while maintaining an appropriate balance between the interests of all parties.[230] The Copyright Office reported to Congress in June of 1999 with the following recommendations: (1) Clarify that the fair use doctrine applies to online teaching; (2) Teachers can help prevent piracy by requiring passwords for their courses and removing material from servers as soon as the course ends; (3) Exemptions that currently apply to the classroom environment should not be extended for for-profit online educational entities.[231]

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224 53 PAT. TRADEMARK & COPYRIGHT J. 131 (1996) (§ 6.2.3 of proposed fair use guidelines).

225 *Id.*

226 *Id.*

227 S. 1146, 105th Cong. § 204(b) (1998).

228 H.R. 3048, 105th Cong. § 5 (1998).

229 Pamela Mendels, *Copyright Law Raises Questions for Distance Education*, N.Y. TIMES, Cybertimes, Feb. 10, 1999 (No longer available online. Copy on file with the author.).

230 S. 2037, 105th Cong. (1998).

231 Kelly McCollum, *Copyright Office Releases Proposal for On-line Distance Education*, CHRON. OF HIGHER EDUC., June 18, 1999.

e. Summary

In conclusion, copyright will do the job for universities looking to protect their investment in Internet course development. Traditional concepts of copyright — as currently applied to digital works — provide strong protection. But copyright's overall effect — across the rights to display and perform publicly and to reproduce — will hinge on the application of the fair use exception, *i.e.*, in general, whether the use is determined to be commercial (often, as was noted at the outset, the same question as who the user is perceived to be). It is fair to say, however, that fair use won't safeguard for-profit competitive providers of copyrighted courses (or parts/modules of copyrighted courses). The question elite universities must answer, therefore, is whether the attendant costs of pursuing this form of protection make copyright a viable solution.

B. Obtaining Ownership of Internet Courses

Universities don't develop Internet courses. Full-time, highly-trained professors are the ones who will work pedagogic magic, cobbling together thousands of facts and concepts into a coherent and rewarding educational experience. But how will university ownership of copyright impact faculty-university relations? And will faculty even want to develop Internet courses in such a regime? This section examines the legal default rules of course ownership, and then the bargains universities have struck to date with their faculties. Next, the paper develops a game theory model of Internet course production in a copyright regime to frame the set of potential faculty-university interactions over the copyright question. With "millions of dollars" at stake, Larry Ellison expects "tremendous tension between institutions of higher learning and faculty over who owns Physics 101."[232]

1. Default Rules

The default rule is that it is the creator — *i.e.*, the person who first fixes an idea into a fixed, tangible expression — who is entitled to copyright protection. But § 201(b) of the Copyright Act switches the default in a specific, common circumstance: "In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author. . . unless the parties have expressly agreed otherwise in a written agreement signed by them . . ."[233] Section 101 defines a work for hire as either:

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232 KROCHMAL, *supra* note 15.

233 17 U.S.C. § 201(b) (1994).

> (1) a work prepared by an employee within the scope of his or her employment; or
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> (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a sound recording, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.[234]

This doctrine was created by the courts and codified in 1976. In *Bleistein v. Donaldson Lithographing Co.*,[235] the Supreme Court found the employer to be the copyright owner of advertisements created by an employee in the course of his employment.[236]

The second (independent contractor) prong of § 101 is where universities entering the Internet education business hope to end up. For under a copyright regime, a university will require a professor to sign a contract — affirming that the professor is an independent contractor for the purposes of developing the Internet course — before making the course development investment.[237] But this "agreement" presupposes an answer to the question at hand: Faced with university demand to sign such an agreement, how will faculty act?[238]

As a result, the first prong of the "work for hire" test comes into focus: Whether the work would be considered in the scope of the faculty member's employment (when the language of the contract is not clear, or vague, or there's no written contract at all)?[239] At common law, "principles of academic freedom" were invoked to persuasively argue that the need for faculty to determine their own research agendas, timetables, and goals removed research[240] from the "scope of employment" for purposes

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234 17 U.S.C. § 101 (Supp. IV 1998), *as amended by* Satellite Home Viewer Improvement Act of 1999 § 1011(d), Pub. L. 106-113, 113 Stat. 1522, 1544.

235 188 U.S. 239 (1903).

236 *Id.* at 248.

237 Dan L. Burk, *Ownership of Electronic Course Materials in Higher Education,* CAUSE/EFFECT, Fall 1997, at 13-18.

238 Clearly, if "the professor receives additional compensation from the university for the project, the university's claim of rights to the work will increase." OWNERSHIP OF NEW WORKS, *supra* note 146, at 27.

239 *See* section 4, *infra* (impact of contractual language).

240 M.M. Weinstein, an assistant professor of pharmacy administration at the University of Illinois, sued his employer for copyright infringement for apparently authorizing publication of his academic article with the authors' names in alphabetical order (instead of placing Weinstein's name first). Weinstein v. University of Illinois, 811 F.2d 1091 (7th Cir. 1987). While the district court found that Weinstein's article was a work for hire, the Court of

of defining "work for hire," and therefore that educators retained the rights in scholarship and other materials they produced.[241] This doctrine originated in England in the case of *Abernathy v. Hutchinson*.[242] Doctor Abernathy was a surgeon employed by Saint Bartholomew's Hospital in London who had presented lectures on surgery (based on his own notes). Abernathy sought an injunction to prevent Defendant from publishing his lecture (based on notes from an attendee), and the court, likening Abernathy to a university professor, found no reason why he would be precluded from publishing his own lectures for profit. (Interestingly, the court found the fact that Blackstone himself had published lectures under copyright to be persuasive.) As a result, an injunction was granted. The court in *Nicols v. Pitman*,[243] relied on the *Abernathy* decision to perpetually enjoin Defendant from publishing Plaintiff's lecture "The Dog as the Friend of Man." The House of Lords not only affirmed the lower court decisions in *Caird v. Sime*[244] — another case involving publication of a lecture based on a student's shorthand notes — it found that the argument presented by Defendant that Plaintiff professor did not hold a copyright in his lecture because copyright ownership was in the university was not a bar to recovery by Plaintiff.

The doctrine first appeared in the U.S. in the case of *Sherrill v. Grieves*.[245] Sherrill was an U.S. Army instructor in cartography and surveying who had prepared a text on the subject in his leisure time. Defendants, who had published an infringing work, claimed Sherill's text was a U.S. government publication and therefore not subject to copyright protection. The court could not find any authority holding that a professor is obliged to reduce his lectures to writing, or that if he does so, the lectures

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Appeals reversed the district court as a result of the failure of the University's policy — a part of Weinstein's employment contract — to explicitly claim the copyright to scholarly articles emanating from work of the type in which the professor was engaged: "The University concedes . . . that a professor of mathematics who proves a new theorem in the course of his employment will own the copyright to his article containing that proof. This has been the academic tradition since copyright law began . . . a tradition the University's policy purports to retain. The tradition covers scholarly articles and other intellectual property. When Saul Bellow, a professor at the University of Chicago, writes a novel, he may keep the royalties." Weinstein v. University of Illinois, 811 F.2d 1091, 1094 (7th Cir. 1987).

241 "[A]cademic freedom of thought and expression might be unduly curtailed if colleges and universities could control academic output in the manner that large corporations control the output of their employees." Burk, *supra* note 237, at 13-18.

242 3 L.J. (Ch.) 209; 1 H. & T. 28 (1825).

243 26 Ch. Div. 374 (1884).

244 12 A.C. 326 (H.L. 1887).

245 57 Wash. L.R. 286 (D.C. Sup. Ct. 1929).

become the property of the institution employing him, and therefore found for Plaintiff. Another military case, *Public Affairs Associates, Inc. v. Rickover*,[246] saw Admiral Rickover litigate for copyright in his published speeches which, although prepared while off-duty, both had bearing on and arose out of his official responsibilities. As in *Sherrill*, the court did not find the works to be property of the U.S. government because their preparation was not a part of the employee's official duties.

But until *Williams v. Weisser*,[247] academic freedom was never fully in play. In this case — reminiscent of the scenario at the start of this paper — Plaintiff assistant professor of anthropology at UCLA, sued Defendant, who had paid a student to take notes in his class so that it could reproduce and sell the notes as a study tool. One of Defendant's major contentions was that the common law copyright in Plaintiff's lectures belonged to his employer, UCLA. In resolving this argument, the court explored "the purpose for which a university hires a professor and the rights it may reasonably expect to retain after the services have been rendered."[248]

> A university's obligation to its students is to make the subject matter covered by a course available for study by various methods, including classroom presentation. It is not obligated to present the subject by means of any particular expression [nor can it so oblige the professor]. Yet expression is what this lawsuit is all about. No reason has been suggested why a university would want to retain the ownership in a professor's expression. Such retention would be useless except possibly for making a little profit from a publication and for making it difficult for the teacher to give the same lectures, should he change jobs.[249]

This notion of mobility proved fundamental to the court's decision.[250] "Professors are a peripatetic lot, moving from campus to campus," the court wrote.[251] As a result, a university hoping to acquire copyright in lectures would have to "determine just what it is getting," *i.e.*, "find out the precise extent to which a professor's lectures have taken concrete shape when he first comes to work."[252] And if a professor were to change institutions, could his former institution enjoin him from utilizing material

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246 268 F. Supp. 444 (D.D.C. 1967).

247 78 Cal. Rptr. 542 (Cal. Ct. App. 1969).

248 *Id.* at 546.

249 *Id.*

250 Faculty mobility is also fundamental to the argument for university ownership of the copyright. *See supra.*

251 *Weisser*, 78 Cal. Rptr. at 546.

252 *Id.* 547.

acquired there at his new school?[253] These "undesirable consequences" left no doubt that university lectures should be accorded special treatment:

> University lectures are *sui generis*. Absent compulsion by statute or precedent, they should not be blindly thrown into the same legal hopper with valve designs . . . motion picture background music . . . commercial drawings . . . mosaics designed for the Congressional Library in Washington, D.C. . . . high school murals . . . song stylings . . . radio scripts . . . commercial jingles . . . lists of courses taught by a correspondence school . . . and treatises on the use of ozone . . . or on larceny and homicide.[254]

Unfortunately for professors, though, the definitive case interpreting the work for hire provision of § 101 was not a case about academic freedom. In *Community for Creative Non-Violence v. Reid*,[255] the Supreme Court defined the test for "scope of employment" in a dispute over the ownership of a sculpture.[256] The Court determined that Congress intended "employment" to be defined by the common law agency doctrine.[257] As a result, the *Reid* test features a laundry list of factors, none of which is dispositive:

> (1) The hiring party's right to control the manner and means by which the product is accomplished; (2) The skill required; (3) The source of the instrumentalities and tools; (4) The location of the work; (5) The duration of the relationship between the parties; (6) Whether the hiring party has the right to assign additional projects to the hired party; (7) The extent of the hired party's discretion over when and how long to work; (8) The method of payment; (9) The hired party's role in hiring and paying assistants; (10) Whether the work is part of the regular business of the hiring party; (11) Whether the hiring party is in

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253 *Id.* This argument is made by numerous faculty, including Harvard's Henry Louis Gates, Jr.: "I've been teaching the same course, with modifications, for 23 years. I've taught at Yale, Cornell and Duke, too, and when I moved to a new university, nobody said to me I couldn't take my course with me because the university owned it." Marcus, *supra* note 149.

254 *Weisser*, 78 Cal. Rptr. at 547.

255 490 U.S. 730 (1989).

256 Because the facts in that case didn't fit within any of the categories of the "work for hire" definition in § 101(2), the Supreme Court had to determine whether the sculpture was created within the sculptor's scope of employment. Community for Creative Non-Violence v. Reid, 490 U.S. 730, 739 (1989).

257 *Reid*, 490 U.S. at 740.

business; (12) The provision of employee benefits; and (13) The tax treatment of the hired party.[258]

After developing this test, the Court marched through these factors and determined that the sculptor was not an employee (and therefore could not create the sculpture in the scope of his employment).[259] While the hiring party directed the sculptor's work, all other factors weighed in favor of the sculptor.

Under the *Reid* factors, it's likely the result would have come out different in an academic environment. After all, universities have significant control over the courses professors teach, their teaching schedules, the location of their classes, the duration of the courses, the method of their payment and the hiring of assistants. Moreover, teaching is part of a university's "regular business" and almost all universities are non-profit. Dan Burk wonders whether "the 'academic exception' to the work-made-for-hire doctrine [has] survived the revision of the law."[260]

The answer in *Vanderhurst v. Colorado Mountain College Dist.*,[261] was a resounding no. Plaintiff Professor in Veterinary Technology had been employed by the College (CMC) for twenty-two years pursuant to a series of annually renewable employment contracts. Dismissed for unrelated reasons, Plaintiff claimed that CMC infringed an outline to his veterinary technology course. The court granted CMC's motion for summary judgment on this claim, finding the outline to be a "work for hire."[262] While Vanderhurst created the outline "in the course of teaching at CMC," the court found that it was CMC policy that "a faculty member's duties include . . . course, program and curriculum development and course preparations."[263] The court concluded that "there is no genuine dispute that Vanderhurst's creation of the Outline was connected directly with the work for which [he] was employed . . . and was fairly and reasonably incidental to his employment."[264] "Further," the court said, "creation of the Outline may be regarded fairly as one method of carrying out the objectives of his employment."[265]

Although Washington State Assistant Attorney General Clark Shores believes this reasoning to be persuasive under *Reid*,[266] the fact remains

258 *Id.* at 751-52.
259 *Id.* at 752.
260 Burk, *supra* note 237, at 13-18.
261 16 F.Supp.2d 1297 (D. Col. 1998).
262 *Id.* at 1307.
263 *Id.*
264 *Id.*
265 *Id.*
266 "[B]ecause the fundamental consideration under a work for hire analysis is the employer's right to control or supervise the preparation of the work, and

that there have been no academic cases decided under *Reid* or even under the 1976 Copyright Act which codified the "work for hire" test. No wonder Kenneth D. Crews, Director of the Copyright Management Center at Indiana University, said, referring to ownership of courses, "[t]he law is utterly unclear on the answer of [ownership] . . . ."[267]

At this point, it may be useful to disaggregate the ownership question. First, there is the question of ownership of the course professors have been teaching on-campus for years. This has nothing to do with the Internet; imagine that the professor wants to sell a videotape of his lectures and that the lectures take place off-campus, *i.e.*, no university resources used other than those inherent to the course's organic development. Second, there is the question of ownership of the Internet course design. Faculty designing Internet courses first identify and organize the material to be included in the course before production and digitization occur. So there is a distinct ownership question for the course's "master plan," which differs from ownership of the on-campus course in that a substantial amount of work will have gone into transforming the course for the new medium (*e.g.*, materials simply referred to in-class — references to works held in the university library, for example — will be identified, collected and organized as part of the course so students may have access). Third and finally, there is the full-blown Internet course, ready for student and faculty use. This is the most resource-intensive stage — only reached through significant production and digitization effort, which we have priced at about $100,000 for an average course. To the extent copyright law allocates copyright ownership in any of these three archetypal stages to the faculty member, the faculty hand is strengthened.

Given current default rules, it's unlikely that a professor would be held to be the owner of a stage three course developed at the university. While deference to professors might make sense when the contributions of the professor's employer are limited to the professor's office, the classroom, the blackboard, a few short sticks of chalk, and even the library, when we consider the resources necessary to put together an Internet course on Shakespeare, the employer's role becomes much more prominent — in terms of resources, certainly, but also in terms of supervision and control. The question was raised in 1998 by the *Chronicle of Higher Education:* "Is it fair to presume that professors retain all rights to on-line

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because universities generally lack the right, for reasons of academic freedom, to supervise scholarly production, a wide range of faculty works are probably not works for hire." Clark Shores, Assistant Attorney General for the State of Washington, *Ownership of Faculty Works and University Copyright Policy* <http://www.arl.org/newsltr/189/owner.html>.

267 Lisa Guernsey & Jeffrey R. Young, *Who Owns On-Line Courses?* CHRON. OF HIGHER EDUC., June 5, 1998, at A21.

courses when those courses could not have been created without the help of instructional designers and expensive university equipment?"[268] Iowa State hopes not, because:

> [N]ew forms of educational materials, due to their nature, require a more substantial level of direct support by the university to allow their creation. The new technologies involved require not only the initial creative effort of an author, but often the additional services of a variety of specialists, equipment, and production facilities. The cost of such services and facilities to adapt the author's creative effort into a desired medium may be substantial, and require the expenditure of significant university funds by a college or department.[269]

And since common law deference to academic freedom never reached the Internet before *Reid*, the law will probably come down on the side of fairness and Iowa State for stage three courses.

Jon Zittrain foresees two possible models for Internet education. On the one hand, universities could attempt to offer courses themselves — the model we've been discussing.[270] On the other hand, Zittrain believes individual professors may try to offer their own courses over the Internet, separate from any single institution. This would "eliminate the university from the calculus," he says.[271] But considering the extent of the investment in course development and instruction, how likely is it that individual professors will be able to offer their own courses on any significant scale?

While it's possible that professors will run small seminars of their own online, it seems unlikely that an individual professor (already employed at a university) will make a dent in this market. More likely, the alternative is the Jones model — a for-profit corporation managing the development, administration and marketing.[272] So while universities hope faculty will

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268 *Id.* The "academic exception" would not apply to instructional designers hired to help develop Internet courses. *See, e.g., Report on Courseware Development, supra* note 147. ("[T]he University does claim ownership of copyrightable works created by academic professional staff, graduate assistants, or other employees when such works are 'created as a specific requirement of employment or as an assigned University duty' and are considered to be 'work for hire' by the employee for the University.")

269 Iowa State Faculty Handbook (Provost Office, Fall 98), Appendix C, *Policy on University Sponsored Educational Materials Approved by the State Board of Regents*, Mar. 12, 1976 (visited Feb. 21, 1999) <http://www.iastate.edu/~provost/fs/handbook/appendC.html>.

270 Cwiklik, *supra* note 31.

271 *Id.*

272 The argument is bolstered by the emerging Internet education model for instruction, *i.e.*, course development severed from instruction, which requires fewer skills. *See supra.* So to offer a course herself, a professor is going to

sign on with them, the entrance of for-profit corporations into Internet education space makes the corporate option increasingly available. And since the activities required to move the course from stage two to stage three — supporting (production and digitization) activities — can probably be located at the corporation (or at some vendor like eCollege.com),[273] the focus must be on stage one activities (and to a lesser extent, stage two activities).[274] Although, according to the *Reid* factors, it's possible that professors don't even have a copyright in their (first stage) on-campus courses,[275] it's unlikely that a court would completely void the academic exception to the work for hire doctrine. So professors hoping to exert control over stage one courses will probably be successful.

In summary, the question of copyright ownership is close and therefore sufficiently encouraging to both the university and the professor (*i.e.*, the corporation to which professor can assign the copyright) that neither option will be ruled out by legal default rules alone; the professor probably can't successfully claim a stage three course developed at the university, but probably can assert ownership over a stage one course. Of course, if the relevant parties have been able to bargain, default rules are only relevant as a baseline for the resulting contract. And most major universities have copyright policies — generally included as terms of faculty contracts — which, if applicable to copyright in any stage of Internet course development, will override these defaults.

2. *Contractual Rules*

According to a 1998 Campus Computing Project survey of 571 technology officials at two- and four-year colleges, however, only 23% of institutions had formed policies specifically addressing the issue of copyright ownership in Internet course materials.[276] In an informal survey of poli-

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have to either muster resources to handle a significant amount of interactivity, or fund the development of a robust set of educational materials with built-in interactivity (exercises, self-tests, etc.).

273 Corporations will end up paying for these services one way or another — either directly, if they do the work themselves, or as part of the (inflated) cost of the course they purchase from the faculty member.

274 It's difficult to think how a corporation would provide the sorts of resources available on-campus for the transformation of a course design for Internet delivery. Perhaps the corporation could make a deal with another university to allow access to libraries, etc. But requiring the developing professor to relocate for stage two activities may be unrealistic.

275 "To faculty . . . the syllabus is the distillation of years of . . . teaching experience . . . ." Weiss, *supra* note 123.

276 Pamela Mendels, *Survey Shows a Sharp Rise in Net-Savvy Academics*, N.Y. TIMES, Cybertimes, Nov. 4, 1998 (No longer available online. Copy on file with the author).

cies at fifty-two major U.S. research institutions[277] conducted in late 1998, six universities were found to have absolutely no policy relating to educational courseware at all: Clark University,[278] Harvard University,[279] Ohio State,[280] University of Minnesota,[281] and the University of Montana.[282] Three other universities simply claim ownership of the copyright when faculty members operate as independent contractors: Case Western Reserve,[283] Syracuse,[284] and New York University.[285] As a result, a total of nine out of fifty-two major institutions provide faculty with no additional guidance than the legal default rules.

In his article *Ownership of Electronic Course Materials in Higher Education*, Dan Burk sets out six alternatives for how the copyright can be allocated. But the variations are all in the licensing,[286] so ultimately, the

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277 Members of the Association of American Universities (AAU) — sixty-two research Universities from the U.S. (60) and Canada (2).

278 Clark University, *General Principles Governing the Development and Application of Clark University's Policy for Patents, Inventions and Copyrights* (visited Feb. 21, 1999) <http://www.clarku.edu/research_office/patent_policies.html>.

279 Harvard University, *Statement of Policy in Regard to Inventions, Patents and Copyrights* (visited Feb. 21, 1999) <http://www.techtransfer.harvard.edu/PatentPolicy.html> (Flexible, case-by-case policy to guide ownership decision according to the public interest).

280 Ohio State University, *Office of Technology Licensing Policy on Patents and Copyrights* (visited Feb. 21, 1999) <http://www.techtransfer.rf.ohio-state.edu/OTTPolicy.html>.

281 University of Minnesota Copyright Policy (visited Feb. 21, 1999) <http://www1.umn.edu/regents/policies/academic/PatentandTechnologyTransfer.pdf>.

282 E-mail from Janis Bruwelheide, Project Director, Montana University System Distributed Learning Pilot Project to the author (Feb. 24, 1999) (on file with author).

283 Case Western Reserve University, *University Policy on Authorship and Copyright* (visited Feb. 21, 1999) <http://www.cwru.edu/affil/UTI/standard_docs/author.html> (University owns where author is "commissioned" by a University Unit (*i.e.*, given released time from his normal workload to prepare learning material)).

284 Syracuse University, *Policies and Procedures* § 3.07, Ownership and Management of Intellectual Property (visited Feb. 21, 1999) <http://syracuse.edu:80/publications/facultymanual/policies.html>.

285 Arenson, *supra* note 48, at B8 ("The new for-profit subsidiary will hold the intellectual property rights to the courses being sold.").

286 Option 1. Faculty members are considered authors of the works produced in conjunction with the employment at the institution: Option 1.1 — Faculty authorship with assignment of ownership to the institution; Option 1.2 — Faculty authorship with a non-exclusive license to the institution. Option 2. Faculty are considered employees of the institution under the "work-made-for-hire" doctrine, and the institution is therefore the author of works produced by the faculty: Option 2.1 — Institutional authorship with a non-exclusive license to the faculty member; Option 2.2 — Institutional author-

copyright in the course is either owned by the university or the faculty member. Faculty and their unions have long argued that ownership of copyright in course materials resides with the teacher. The American Association of University Professors (AAUP) produced a report in 1969 on broadcast television courses calling for "faculty to establish and publish appropriate guiding policies and procedures" in order "to protect the interests of the individual creators . . . ."[287] First and foremost, the integrity of the faculty member's decision to participate in a distance learning program should be respected. "No recording of a teacher's presentation in the traditional classroom setting . . . should be made without his prior knowledge and consent," the AAUP maintained.[288] Moreover, the AAUP insisted upon the faculty member's absolute independence and "freedom" to decide whether to enter into an agreement, and "[e]xplanations should be provided for faculty members unfamiliar with copyright law."[289] In addition, the faculty member must retain academic independence after deciding to develop a distance course. The faculty member has the "full responsibility for selection of materials and point of view" and "the final responsibility for the content and objectives of the program."[290] The AAUP's November, 1997 Report on Distance Learning didn't break any new ground. The major recommendation was that "the Association develop a policy that presumes that the ownership of all academic work should reside with the individual faculty member or members who create that work . . . regardless of the mode of transmission . . . ."[291]

Just as opposition from faculty helped slow and destroy several previous distance learning technologies,[292] faculty have had some success in gaining control over copyright to distance course materials. The contract negotiated by the AAUP's New York Institute of Technology (NYIT) chapter (September 1, 1995 through August 31, 1997) stipulated that, in the absence of an agreement to the contrary, not only was the "intellectual

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ship with an assignment of rights to the faculty member. Option 3. Faculty creating new course materials are considered independent contractors for purposes of the project: Option 3.1 — Institutional authorship with an assignment of rights or license to the faculty member; Option 3.2 — Faculty authorship with an assignment of rights or license to the institution. Burk, *supra* note 237, at 13-18.

287 American Association of University Professors, Committee R on Government Relations, *Report on Distance Learning*, Appendix I: 1969 Statement on Instructional Television (visited Jan. 28, 1999) <http://www.aaup.org/dlreport.htm> [hereinafter *Report on Distance Learning*].

288 *Id.*

289 *Id.*

290 *Id.*

291 *Id.*

292 *See* Appendix A, *infra*.

property created . . . the sole and exclusive property of [the] employee,"[293] but that "all distance learning courses shall be taught by a live faculty member . . . employed by NYIT,"[294] and "[t]he decision of a faculty member not to teach one or more distance learning courses shall not be used in any evaluative manner in the personnel process."[295] Belleville College's chapter of the AAUP had similar success; faculty are presumed to own distance course materials that they create.[296] Six larger (research) institutions also have granted faculty ownership rights that could be construed to reach stage three courses. At Carnegie Mellon, in the absence of any "specific prior agreement between the creator and the university," "the creator retains all rights to . . . educational courseware . . . regardless of any university sponsorship of the work [including use of university-owned computers and other facilities]."[297] The University of Illinois claims ownership of "web tools and course materials" if specifically commissioned or required; otherwise "creators own traditional academic copyrightable works (including web tools and course materials) that are created independently and at their initiative, using only University resources that are usually and customarily provided."[298] The University of Kansas policy allocates copyrights to faculty for "mediated courseware . . . unless otherwise agreed."[299] At the University of Texas, even though "Copyright Law would probably vest ownership of copyright in the works of all employees of U.T. System," the System's Policy on Telecourses and Distance Learning Copyright Issues allocates copyright in "telecourse materials" to faculty due to "the paramount interest of faculty members in their scholarly works . . . ."[300] Texas only claims copyright when the parties agree beforehand that the course will be a work for hire.[301] And both the University of Virginia[302] and Yale[303] disclaim institutional ownership of

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293 *Report on Distance Learning*, *supra* note 287, Appendix II-C: Selected Contract Language, New York Institute of Technology, 13(a).

294 *Id.*

295 *Id.*

296 *Report on Distance Learning*, *supra* note 287, Appendix II-B: Belleville College AAUP Chapter: Contract Article on Intellectual Property D.

297 Carnegie Mellon Copyright Policy (visited on Feb. 21, 1999) <http://www.cmu.edu:80/president/techtrans/ipp.htm>.

298 *Report on Courseware Development*, *supra* note 147.

299 University of Kansas Copyright Policy (visited Feb. 21, 1999) <http://www.ukans.edu/~kbor/intelrev.html>.

300 *Report on Distance Learning*, *supra* note 287, Appendix III: University of Texas System Policy on Telecourses and Distance Learning Copyright Issues: Who owns what?

301 Carnevale, *supra* note 122.

302 University of Virginia, *Copyright Policy* (visited on Feb. 21, 1999) <gopher://minerva.acc.Virginia.EDU:70/00/admin/polproc/pol/fpol15/15e1>.

"classroom" or "scholarly" materials unless the work is commissioned or assigned.

But most major universities' copyright policies are less precise. Some (nine) have adopted the language of the "work for hire" provision of the Copyright Act (*e.g.*, the institution owns the work "if created within the scope of employment"), and, as such, probably assert ownership over stage three, but not stage one courses. These institutions are: Emory,[304] M.I.T.,[305] Princeton,[306] Purdue,[307] Rice,[308] Tulane,[309] University of Chicago,[310] University of North Carolina,[311] and the University of Pittsburgh.[312]

Others prefer to implement some form of university resource-utilization test to determine whether they will claim ownership. In contrast to the "work for hire" test, a resource-utilization analysis will likely result in

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303 Yale University, *Copyright Policy* (visited on Feb. 21, 1999) <http://www.cis.yale.edu/grants/copyright.html>.

304 Emory University, *Emory University Copyright Policy* (visited Feb. 21, 1999) <http://www.emory.edu/OSP/copyright.html>.

305 M.I.T., *Policies and Procedures* § 13.1, Intellectual Property (visited Feb. 21, 1999) <http://web.mit.edu/policies/13.1.html>.

306 Princeton University, *Princeton University Copyright Policy* (visited Feb. 21, 1999) <http://www.princeton.edu/~jean/copypol.html> (University owns if it's in "specifically assigned duties" of faculty member or if "substantial [university] expenditures" made).

307 Purdue University Office of the President, Executive Memorandum No. B-10, (copyright policy) (visited Feb. 21, 1999) <http://www.adpc.purdue.edu/VPBS/b-10.htm>.

308 Rice University, *Intellectual Property* (visited Feb. 21, 1999) <http://www.ruf.rice.edu/~presiden/Policies/Research/303-90.html>.

309 Tulane University Copyright Policy (visited Feb. 21, 1999) <http://www.tmc.tulane.edu/techdev/TDpolicies.html>. Although the Tulane policy does characterize "a copyrightable work in a new [digital] medium" as having "nothing to do with the communication of information, [but] is instead primarily utilitarian or functional in character, such as a computer program concerned primarily with the control and operation of an industrial or commercial process." As a result, "the considerations that have historically justified the University's refusal to assert its ownership rights do not exist. Such a work is much more closely akin to a scientific or technological invention or discovery, and shall be dealt with by this policy in an analogous consultation with the dean(s) in whose division the invention or discovery took place." *Id.*

310 University of Chicago Copyright Policy (visited Feb. 21, 1999) <http://www2.uchicago.edu/adm-uhrm/policy/p1004.html>.

311 University of North Carolina, *University Copyright Guidelines* (visited Feb. 21, 1999) <http://research.unc.edu/otd/policies/memcpyg.html>.

312 University of Pittsburgh, *Copyright Policy* (visited Feb. 21, 1999) <http://www.pitt.edu/HOME/PP/policies/11/11-02-02.html>.

a stronger university claim to ownership of stage three courses.[313] Three research institutions utilize resource-utilization tests likely favorable to faculty — only asserting ownership when a level of resources at or approaching "full support" is reached. Brown University will claim ownership only if the creation of the work is "fully supported by the university."[314] The University of Iowa policy disclaims ownership "where there is no substantial University contribution or support beyond the salary, developmental assignment, services, and facilities (including libraries and laboratories) customarily provided to faculty in the respective discipline."[315] At Rutgers, the university will claim ownership only "when it provides facilities, salaries, or other support for the express purpose of creating such materials."[316] Five other large institutions claim ownership when faculty are provided with a moderate amount of development support. Columbia University "fairly and rightfully" claims ownership of "conceptions that result primarily from the use of its facilities . . . ."[317] Cornell favors a "substantial use" standard,[318] as does the University of Wisconsin,[319] and the University of Missouri.[320] The University of Rochester claims copyright in works produced "with the significant use of Uni-

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313 Since many objections to awarding faculty copyright ownership in Internet courses are based primarily on the level of university resources required for Internet course development, this is a sensible solution. Clark Shores agrees: "[T]he use of institutional resources is probably the one [factor] that should be accorded the most weight." Shores, *supra* note 266.

314 Brown University, *Faculty Rules and Regulations* II(A), Policies and Procedures Relating to Copyright Policy (visited on Feb. 21, 1999) <http://facgov.brown.edu/facgov/facrulesfolder/part5/sect11/Sect11.html#RTFToC396>.

315 University of Iowa, *University of Iowa Operations Manual*, Ch. 31, Policy on Intellectual Property (visited Feb. 21, 1999) <http://www.uiowa.edu/~our/opmanual/v/31.htm>.

316 Rutgers University, Copyright Policy (visited Feb. 21, 1999) <http://info.rutgers.edu/Services/Corporate/copyrigh.html>.

317 Columbia University, *Statement of Policy on Proprietary Rights in the Intellectual Products of Faculty Activity* (visited Feb. 21, 1999) <http://www.columbia.edu/cu/cie/policy.html>.

318 Cornell University, *Cornell University Copyright Policy* (visited Feb. 21, 1999) <http://www.research.cornell.edu/CRF/Policies/Copyright.html>.

319 University of Wisconsin, *Financial and Administrative Policies - Copyrightable Instruction Materials - Ownership, Use and Control* (visited Feb. 21, 1999) <http://www.uwsa.edu/fadmin/gapp/gapp27.htm>.

320 University of Missouri, *Copyright Regulations* (visited Feb. 21, 1999) <http://www.system.missouri.edu:80/uminfo/rules/business-mgmt/100030.htm> ("Limited secretarial support, uses of the library for which special charges are not normally made, and the staff member's own time . . . shall not be considered substantial University resources.")

versity resources . . . ."[321] And the University of Florida's policy says simply that independent efforts made without university support belong to faculty, while university-supported efforts belong to the university.[322]

But none of the aforementioned institutions currently have robust Internet education programs. Rather, universities have established copyright policies that lean heavily toward institutional ownership of copyright in Internet courses before investing in course development; a strong copyright policy has heretofore been a precondition for Internet education activity. At least three major institutions have taken a very hard line with their faculty. The University of Colorado, which has been in the forefront of online education and recently won the Eddy Award of the National Science Foundation as the "Number One Online University in the World,"[323] (thanks in no small part to major support from eCollege.com), claims to own all course materials produced by faculty, except textbooks.[324] At Indiana University, faculty must assign rights in "invention, creation, innovation, discovery, or improvement" to the school.[325] The University of Oregon has a similar policy.[326] But neither Indiana nor Oregon have made much of a splash in Internet education so far.

Interestingly, eight leading universities on the Internet have adopted resource-utilization tests that seem fair, but almost certainly mandate university ownership of stage three courses, and, while they're at it, probably cast sufficient doubt on faculty ownership of stage one and two courses to scare off attempts to sell on-campus courses to for-profit corporations:

> If these factors [use of resources] are used to determine whether an institution has a copyright interest in faculty works, the range of works in which the institution might then claim some copyright interest would probably be broader than if it claimed only works for hire. The reason, generally, is that the above factors do not focus on the question of the institution's right to supervise and control the manner and means of the production of the

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321 University of Rochester, *Policy on Intellectual Property and Technology Transfer* (visited Feb. 21, 1999) <http://www.rochester.edu:80/ORPA/tto/patpol97.htm>.

322 University of Florida, *University of Florida Intellectual Property Policy* (visited Feb. 21, 1999) <http://web.otl.ufl.edu/manual/IPP.pdf>.

323 Noble, *supra* note 50.

324 University of Colorado Copyright Policy (visited Feb. 21, 1999) <http://txfr35.colorado.edu/Policy.html>.

325 Indiana University, *Intellectual Property Policy* (visited Feb. 21, 1999) <http://www.indiana.edu/~rugs/respol/intprop.html>.

326 University of Oregon, *Guidance for Determining Royalty Sharing Amongst Authors, Originators and Developers* (visited Feb. 21, 1999) <http://darkwing.uoregon.edu/~techtran/author.html>.

> work, whereas that is the most important consideration under a work for hire analysis.[327]

The University of California system (including Berkeley and UCLA[328]) claims ownership unless the work was prepared "without the use of university resources."[329] The University of Arizona will claim ownership unless the creation "involve[d] no use of University facilities or resources . . . ."[330] At the University of Maryland, ownership resides in the institution unless the work is created "without the use of institutional or System resources" or "through independent effort . . . ."[331] The University of Pennsylvania (Wharton) asserts ownership of works "generated as a result of assigned University duty *or* with substantial use of University facilities or resources."[332] And Johns Hopkins claims the copyright if "funded in whole or in part" by the University.[333] Another California leader, Stanford, uses a "more than incidental use" test.[334] "Examples of incidental use include ordinary use of desktop computers, University libraries and limited secretarial or administrative resources."[335] A recent Stanford University memorandum to members of the academic senate clarified Stanford copyright policy, in part, to answer the question: "should the University adopt a policy to control the ability of outside entities to use materials developed by Stanford faculty in ways that might compete with the University? For example, should Stanford faculty be allowed to sell materials developed for Stanford courses to an outside organization that

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327 Shores, *supra* note 266.

328 "No one has pushed this new era [of Internet education] more than University of California President Richard C. Atkinson . . . ." Weiss, *supra* note 123, at 1.

329 University of California, *University of California Policy on Copyright Ownership* (visited Feb. 21, 1999) <http://www.ucop.edu/ucophome/uwnews/copyr.html>.

330 University of Arizona, *University of Arizona Intellectual Property Policy*, Copyright Policy (visited Feb. 21, 1999) <http://vpr2.admin.arizona.edu/ott/IPOLDGP.HTM>.

331 University of Maryland Copyright Policy (visited Feb. 21, 1999) <gopher://umdacc.umd.edu/00/IV310>.

332 University of Pennsylvania, *V.D. Copyright Policy* (visited Feb. 21, 1999) <http://www.upenn.edu/assoc-provost/handbook/v_d.html>.

333 Johns Hopkins University, *Johns Hopkins Intellectual Property Policy* IV(E) (visited Feb. 21, 1999) <http://infonet.welch.jhu.edu/policy/intellectual_prop_guide/som_intpolA.html>.

334 Stanford University, *Copyright Policy* I(F) (visited Feb. 21, 1999) <http://portfolio.stanford.edu/106140>.

335 *Id.* at I(H).

may in some way compete with Stanford for students or for revenue?"[336] The answer is now clear: "[C]ourseware developed for teaching at Stanford belong to Stanford."[337] One leading Internet institution — Duke — applies a "faculty time" test in addition to a resources test: University ownership is premised on "work conducted . . . in whole or in part on University time" or "work conducted . . . with significant use of University funds or facilities . . . ."[338] And Penn State applies a faculty-time test only: "instructional materials . . . created on University time are considered . . . owned by the University."[339] Three other universities also have aggressive resource-utilization tests.[340]

3. Model of Faculty-University Interaction in a Copyright Regime

Given these ground rules, what happens once the university has decided it must control the copyright to the Internet courses it will fund? What becomes of the faculty-university relationship? And faced with such a demand, will faculty choose to develop Internet courses for the university or will they develop courses for for-profit corporations?

Of course, faculty have another option: not to develop at all. And there are many reasons they might choose to abstain from developing Internet courses. Many faculty will not like the new (more explicit) profit motive. In an open letter to Washington's governor, the University of Washington Chapter of the AAUP attacked for-profit corporations enter-

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336 Memorandum from J.W. Goodman, Chair, Committee on Research, to members of the academic senate (Nov. 4, 1998) <http://portfolio.stanford.edu/106140>.

337 Stanford University, *supra* note 334, at I(F).

338 Duke University Copyright Policy IV(D) (visited Feb. 21, 1999) <http://delphi.mis.duke.edu/ors/policies/copright.htm>.

339 Pennsylvania State University, *Sponsored Programs Policy Book: Intellectual Property Policies and Procedures* (visited Feb. 21, 1999) <http://infoserv.rttonet.psu.edu/spa/ip.htm>.

340 Michigan State University, *Copyright Policy* 1(a) & 1(b) (visited Feb. 21, 1999) <http://www.msu.edu/unit/facrecds/FacHand/develpinstruct.html> (University owns "[i]f the faculty member has employed in his/her developmental work, and without charge to him/her, the equipment, materials, and staff services of any of the various units of Michigan State University which assist in the development of research or instructional materials" or if there's been any financial support at all.); University of Washington (St. Louis) Copyright Policy (visited Feb. 21, 1999) <http://weber.u.washington.edu/~fachome/handbook/04-05-07.html> (University owns if faculty member "utilized University service centers (such as the Computer Centers, the Audio-Visual Services unit, or departmental service centers)."); Iowa State University, *Iowa State Faculty Handbook* (Provost Office, Fall 98), Appendix C Policy on University Sponsored Educational Materials Approved by the State Board of Regents, Mar. 12, 1976 (visited Feb. 21, 1999) <http://www.iastate.edu/~provost/fs/handbook/appendC.html>.

ing into the business of higher education: "They admit students into their programs regardless of whether or not they have suitable faculty and resources to confer degrees. The value and efficacy of degrees attained through such unconventional means are entirely unproven. When advanced education is turned into a business, it is the buyer — or student — who must beware."[341]

A different issue is the inequality Internet education will engender. Not only in terms of the subordination of universities and instructors (facilitators), but also of students. The University of Washington AAUP predicts that while "a privileged few will continue to enjoy the personal and economic benefits of face-to-face instruction at schools like Stanford, U.C. Berkeley, and M.I.T. . . . [t]he less fortunate citizens of our state will make do with downsized and underfunded campuses or settle for inferior and dehumanizing 'virtual' alternatives."[342] Langdon Winner sees higher education splitting into two "distinctly different sectors": "(1) two hundred or so institutions that deliver high quality, face-to-face teaching for those slated to become social elites; (2) several thousand semi-campus, semi-cyberspace, hybrid organizations — colleges, universities and business firms — ready to pump instruction and credentials to a flexible global workforce."[343] San Diego State sociologist James Wood doubts places like Stanford would teach its undergraduates by computer, but sees "poorer students of ethnic minority backgrounds . . . ticketed for distance education [at institutions like community colleges] because it is good enough for them."[344]

Finally, faculty members may have specific problems with the imposition of a copyright regime on (Internet) higher education — one which runs counter to traditions of academic freedom. Faculty may object to what is being taken from the public domain.[345] For example, faculty may be concerned about reduced availability of inputs to courses (and re-

341 E-mail from University of Washington Chapter of the AAUP to Governor Gary Locke and 2020 Commission (June 1, 1998) (on file with author).

342 *Id.*

343 Winner, *supra* note 3, at 1.1.

344 Weiss, *supra* note 123, at 1.

345 Weighing the need for copyright protection — or any statutory protection for intellectual property, for that matter — is like trying to solve an equation with one too many variables. The exercise might at first appear to be a simple *ex ante / ex post* balancing act: *Ex ante*, we require a strong copyright to encourage innovation, while *ex post*, we'd love to eliminate the copyright just granted in order to encourage dissemination of the already-fixed work. But it's not as simple as that. Because the solution will involve at least a limited monopoly, also *ex ante*, we need to make sure that the monopoly doesn't remove a disproportionately-valuable chunk from the public domain — the source of all future innovation.

search) as a result of copyright protection of (Internet) academic materials. For in subscribing to a regime of copyright protection for Internet courses, professors may see themselves as implicitly endorsing strong protection for other digitized content — content professors may wish to incorporate into their own Internet courses. The *New York Times* recently reported that a newspaper wanted to charge the University of Maryland $1,500 for the right to post one article for one semester in a Web course to which students had access only with a password.[346] So if owners of copyright in Internet courses are able to block (commercial or quasi-commercial) educational uses of their courses, there is no reason to think they will be accorded a fair use exception for the development of their (commercial or quasi-commercial) courses.[347] Equally important for (Internet) academic materials, it probably won't be the professor monitoring the sanctity of the copyright, but rather the institutional owner of the professor's course.[348] While professors are more likely to see themselves as colleagues, permitting copying of their Internet courses for even quasi-commercial educational purposes (much as they currently permit fellow faculty to make copies of their books), those responsible for enforcing copyrights on the university side will be lawyers.

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[346] Mendels, *supra* note 229.

[347] This is the reason that major copyright owners like Time Warner take the position that, "In homely terms, nobody has shown . . . [copyright in Internet education is] broke[n], so why try to fix it?" Testimony of Bernard R. Sorkin, attorney for Time Warner. Mendels, *supra* note 229. The House version of the Digital Era Copyright Enhancement Act tries to assuage professors' fears in its explicit continuation of the fair use exemption for teachers and their institutions — not for companies or individuals who prepare distance learning materials for use by educators. H.R. 3048, 105th Cong. § 5 (1998). But the language is not yet assured. Content owners view this change as permitting access and use that would lead to a proliferation of product usage without giving them proper compensation. Keays & Warren, *supra* note 113, at B5. "If you carve out this huge exemption and allow anyone who calls himself a 'distance educator' to digitize and disseminate material to a large number of people," says Fritz E. Attaway, general counsel to the Motion Picture Association of America, "control of the product can quickly get out of hand." Mendels, *supra* note 229. Not surprisingly, pro-access groups like the American Library Association take the opposite position. Adam M. Eisgrau, legislative counsel to the American Library Association was quoted in the *New York Times* as saying: "If we want educators to reasonably use copyright materials to facilitate distance education 21st century style, we have to modernize the exemption. It's as simple as that." Mendels, *supra* note 229.

[348] "Individual faculty members may not have the resources to police infringement of the works they have created, whereas the institution may have sufficient resources." Burk, *supra* note 237, at 13-18.

Thoughtful faculty may also object to the imposition of a copyright regime on the principle that the current regime appears to be a rather haphazard application of existing law rather than a careful, deliberate evolution. For while some experts contend copyright law can adapt quite nicely to the digital era without substantial overhaul,[349] (*i.e.*, digital copies can be copied at no cost at all,[350] and as the portion of the product cost allocated to the medium shrinks, the public goods problem becomes more and more troublesome), for every expert coming out in favor of reform, there's at least another, like John Perry Barlow, in favor of revolution. But at the least, most faculty would agree that the oncoming copyright regime for Internet education is an example of technology changing the law, rather than the law changing to keep up with technology (let along changing with technology). As Nimmer says, "[T]he idea that reading a digital text entails a potential copyright violation shifts policy. That shift, even if desirable, should occur because of an express policy choice rather than because new technology technically triggers concepts originally designed for a world of photocopy machines, recorders, and the like."[351] Other "accidental" results of this shift include the aforementioned overlapping of rights,[352] and the likelihood of multiple territorial liability for copyright infringement, as copies cross borders instantly.

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[349] Major, *supra* note 185, at 94.

[350] Although the digital environment allows for copyright protection mechanisms which weren't possible in analog technologies, *e.g.*, code barring copying, digital watermarking. The closest analog ancestor to the multitude of digital copy-blocking possibilities is printing in a color of ink (red) which can't be photocopied.

[351] RAYMOND NIMMER, INFORMATION LAW ¶ 4.08[1], at 4-30 (1996)(*cited in* Hayes, *supra* note 192).

[352] What does it mean to have the exclusive right to publicly perform and display when — given the current technology — that right cannot be exercised without the right to reproduce? The same can be said for the right to distribute or publish. In reality, the bundle of sticks that stood for copyright in the old analog world has become fused together on the Internet as one oversized, clunky log. And an agglomeration of rights can't help but reduce alienability, and therefore efficiency. For example, if faculty own the copyright in their Internet courses, universities wishing to offer these courses couldn't profitably license the performance/display right without also licensing the reproduction right. *But see* Burk, *supra* note 237, at 13-18. The exclusive rights comprising a copyright are infinitely divisible, and institutions should avoid the 'all or nothing' trap: the supposition that all aspects of the copyright must be allocated to either the creator or the institution. The needs and interests of all parties may be better met by dividing the copyright."); Shores, *supra* note 266. ("Perhaps most importantly, [a university's] policy [on copyright to faculty work — not necessarily digital product] could divide the rights comprising a copyright and allocate some of

Given this parade of horribles, isn't it likely that professors will opt out of the whole Internet education game? While many professors will choose the non-development option, others will be less concerned with the aforementioned issues and instead swayed by the benefits of development. (UCLA music professor Robert Winter mixed a "dazzling display of sound and images on CD-ROMs" while working outside the university and apparently made enough money to build a big house in Pacific Palisades, with its own multimedia studio.[353]) So as long as we can fairly assume there will be some split among faculty on this issue, the university can ignore it. For if there are a number of faculty who will prefer to develop Internet courses, complete non-development is only an option if all faculty can agree to create a monolithic group or bargaining unit. Why might pro-development professors enter into such an agreement? Because both developers and non-developers could gain something from creating a united front to credibly threaten the university. For example, developers could force the university to take a position favorable to them, and the non-developers could limit the university to offering courses in a way that doesn't negatively impact the issues dear to their hearts.

But as far as the university is concerned, the faculty non-development option is a toothless threat. Why? Because it's similar to the threat to develop for the corporation, and for our purposes, less "threatening" since the university will always be better off with a faculty "non-development" strategy than with a "develop for a for-profit corporation" strategy.[354] So even if faculty manage to create a bargaining unit for the purpose of making this threat, it won't make a difference to the university. The university is already dealing with — we will assume, *infra* — a monolithic group threatening to develop for a corporation. So it is this threat — not a threat to refrain from all development — which will be central to the university's strategic decision in attempting to coerce course production in a copyright regime. Another way of thinking about it is that, insofar as the university's options are concerned, the "non-development" threat is a subset of the "develop for a corporation" threat.

As a result, in modeling what happens when universities assert ownership over Internet courses developed by members of their faculty, it is possible to simplify matters by portraying the faculty decision as between developing for the university-employer or developing for a for-profit corporation. Considering a professor at a random university — setting aside the specific terms of the faculty contract (or university copyright policy) for a moment — what factors might impel development for the university?

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those rights to the institution and some to the faculty, or could identify non-exclusive licenses precisely tailored to meet the needs of the parties.")

353 Weiss, *supra* note 123, at 1.

354 *See infra*.

First, a typical professor might consider the security of her existing (on campus) position at the university. If her employer compels assignment of the copyright, the professor might fear that refusal to comply could result in loss of her job. And as Daniel Kahneman and Amos Tversky have shown, "losses from a reference position are systematically valued far more than commensurate gains."[355] The existence of this "endowment effect" means that, if faced with loss of employment or standing at the university, the faculty member will only consider selling an Internet course to a for-profit corporation if that corporation offers a level of compensation which (far) exceeds the actual expected (market) value of the professor's job (loss). But when viewed as a monolithic group, faculty don't need to worry about job security. This fear only arises when the university has a realistic alternative for replacing the entire group, *i.e.*, never. But we will return in short order to whether the "monolithic group" assumption is valid, or whether (and in what circumstances) faculty should be viewed individually.

Another factor pushing the professor towards a decision to develop for her employer, as opposed to a corporation, is allegiance to academic culture — attendant at the university more than at the for-profit corporation. The professor will be more likely to choose the university because she may find the corporation's profit motive inconsistent with her pedagogical approach. In addition, the university will appeal to the professor looking to incorporate copyrighted materials in her Internet course because the university-situated "use" is less likely to be commercial and, therefore, more likely to be fair use.[356] In any event, given a typical professor's doubts about a copyright regime for (Internet) higher education, she is more likely to choose her university over a for-profit corporation on the theory that the copyright decisions made by an academic institution (or its lawyers) will better approximate her wishes than those made by a for-profit corporation.

The factors pushing the faculty member in the other direction are easier to grasp. First and foremost is that every professor wants to become a "star," in the way that only mass media dissemination and promotion of her educational products allow. As a result, she'll be more likely to join the professional and experienced marketers and managers at the for-profit corporation — not only because of their proficiency, but because, in the absence of a reputable educational brand, the professor will be necessarily

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355 Jack L. Knetsch, *The Endowment Effect and Evidence of Nonreversible Indifferent Curves, in* PERSPECTIVES ON PROPERTY LAW 227 (Robert C. Ellickson *et al.* eds., 1995).

356 Of course, if universities' Internet operations act as profit centers — whether or not actual for-profit spin-offs — the former point is moot and the latter less persuasive.

more prominent in the marketing (vs. that of the university, which is more likely to promote its brand-name). Second is the fact that the faculty member can expect significantly higher remuneration from well-capitalized for-profit corporations. Whereas the university is likely to perceive an Internet course developed by one of its professors as (at least in part) developed through use of its resources, and perceive that faculty member as already-employed and compensated, the for-profit corporation has no existing relationship with the professor and can harbor no illusions about the centrality of the professor's role in the process.[357] Moreover, while universities may seek to offer a full roster of Internet courses to complement their on-campus offerings — in effect, subsidizing less profitable courses with more profitable courses — for-profit corporations have no such objectives and, in cherry-picking the most profitable courses, will be able to afford to offer professors more lucrative development contracts.

Universities also need to make a decision. They need to decide whether to play "hardball" with faculty, or whether to play it cool. In the short-term, all universities share the desire to maintain positive, amicable and constructive relations with their (on-campus) faculty. No university wants an on-campus work stoppage as a result of a dispute over ownership of Internet courses. But that's where the similarities between types of institutions end. Non-elite schools, as we have seen, fear they may "wither away" (in the face of competition from elite universities' Internet offerings) if they don't take action. They see their core on-campus business at risk from elite university Internet competition and to some extent from other second-tier schools' Internet courses. Meanwhile, elite universities see the Internet as less of a threat to their on-campus programs, and as more of an opportunity to increase revenues for their core activities.

We can begin to make more sense out of this jumble of preferences by taking advantage of a couple of concepts borrowed from game theory. Game theory aspires to create a highly simplified and stylized model of complex strategic situations in order to get to the "heart" of the problem.[358] All games have three basic elements: (1) players; (2) strategies; and (3) payoffs.[359] Here, there are two players: faculty member (a single professor will stand in for the monolithic group) and university. Each player has two possible strategies. The faculty member can develop an Internet course for her employer or for a for-profit corporation. One pos-

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[357] Although NYU, Columbia and other universities are talking about setting up for-profit subsidiaries, these entities aren't likely to value the Internet course as highly as an independent for-profit corporation for the same reasons.

[358] WALTER NICHOLSON, MICROECONOMIC THEORY: BASIC PRINCIPLES AND EXTENSIONS 619 (1992).

[359] *Id.* at 620.

sible university strategy is "hardball." This might involve implementing aggressive copyright ownership policies, forcing the faculty member to recognize those policies as a term (or reference) in her employment contract, and litigating all faculty sales of courses (including stage one courses) to for-profit corporations — probably delaying the offering of the for-profit corporation's course, and almost certainly (according to the terms of the professor's contract with the corporation) delaying payment to the faculty member. In the alternative, the university might choose to play "softball." This would involve adopting moderate policies with regard to course ownership — probably allowing sales of stage one courses — not necessarily requiring the faculty member to sign a new contract, offering higher remuneration — perhaps even royalties — allowing faculty significant control over the course (maintaining the faculty member's "moral rights"),[360] flattering the faculty member by featuring/branding her in the course marketing) and generally making an effort to preserve positive relations with faculty.

Payoffs in the faculty-university game are somewhat difficult to quantify. As economist David Kreps notes, "When economists build a model and write down payoffs, those payoffs are usually related to the 'pecuniary' incentives of the players . . . . In every population of players, however, are individuals who respond to things other than money."[361] Here, numerous non-quantitative factors influence both players' behavior. So the game for control of copyright to Internet courses is more a question of attributing levels of overall utility to specific outcomes.[362] As we shall see, positive, productive outcomes are far from certain for elite and non-elite universities.

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[360] Some faculty may be willing to settle for some form of control (as opposed to ownership). "For some professors, the biggest issue is not profit but control over how the materials are used, says Erin Bale, publications editor for the NODE Learning Technologies Network, a Canadian distance-education organization. The group recently released a report after talking with various professors and administrators." Carnevale, *supra* note 122. Given the current lack of profits from Internet courses, it is relatively easy to maintain this high-minded position. One wonders how this position might change when courses begin to become profitable.

[361] DAVID M. KREPS, GAME THEORY AND ECONOMIC MODELING 116 (1990). *See also* WALTER NICHOLSON, *supra* note 355, at 621 ("Payoffs incorporate all aspects associated with outcomes of a game; these include both explicit monetary payoffs and implicit feelings by the players about the outcomes such as whether they are embarrassed or gain self-esteem").

[362] "In general, it is assumed that players can rate the payoffs of a game ordinally from most preferred to least preferred and will seek the highest ranked payoff attainable." NICHOLSON, *supra* note 358, at 621.

a. Non-elite Universities: Zero-sum Games

One thing we can say is that the payoffs and — in fact — the game itself might differ as a result of the type of university playing. Game theory differentiates between zero-sum games and non-zero-sum games. In zero-sum games, "players have diametrically opposed interests. The term comes from parlor games like poker where there is a fixed amount of money around the table. If you want to win some money, others have to lose an equivalent amount."[363] Arguably, second-tier universities facing the prospect of Internet education are playing a zero-sum game with their professors. For, assuming competition from elite universities' Internet programs,[364] it's unlikely that there are substantive gains for non-elite schools as a group. Growing universities like the California State system are simply replacing new on-campus students with distance students. And if they want to compete with elite schools' Internet courses among those with newfound access to higher education, they'll have to compete on price (thereby reducing potential gains). So because there is no bigger pie to share with faculty, if the monolithic group of professors at non-elite universities make any gains, they will do so at the expense of their non-elite university employers. For as a group, non-elite university faculty don't have much of an exit option. Certainly, some may benefit by developing for corporations. But with whom will these successes compete? Given elite universities' huge branding advantage, it is fair to say that most individual benefits to individual faculty at non-elite schools will be counterbalanced by losses to the non-elite group as a whole. And even if there are possible gains in the non-elite game such that it's not exactly accurate to say that, as is the case in zero-sum games, any benefit to one player comes as a result of an equal and opposite detriment to the other and that non-elite universities and their faculties have no common interests,[365] it's still probably a fair approximation of Internet education — at least when compared with the prospect for elite universities. As Morton Davis says, "zero-sum games are almost always an approximation to reality — an ideal that is never quite realized in practice."[366]

The payoffs in this zero-sum model, then, can be defined.[367]

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363 MORTON D. DAVIS, GAME THEORY 14 (1970).

364 An assumption which will be revisited, *infra*.

365 DAVIS, *supra* note 363, at 81.

366 *Id.* at 82.

367 "Zero-sum" is really a misnomer. A better term is "constant sum" because the sum of the payoffs in each cell must only remain constant (*i.e.*, the payoffs don't have to equal zero in each cell). KREPS, *supra* note 361, at 11.

		FACULTY MEMBER	
		Develop for university	Develop for corporation
NON-ELITE UNIVERSITY	Play softball	(slightly worse off, slightly better off)	(much worse off, much better off)
	Play hardball	(no worse off, no worse off)	(no worse off, no worse off)

What happens when the faculty member chooses to develop a (stage one) course for a corporation? It depends on whether the university is playing hardball or softball. If the university plays hardball, the non-elite university is slightly worse off as a result of the inevitable resulting deterioration in university-faculty relations. But because there is a sense that Internet education puts a non-elite university's entire core on-campus activity in jeopardy, the university may actually bolster campus morale by playing hardball and affirming that it plans to fight it out. In terms of the course itself, by playing hardball the university prevents the professor's course from being offered competitively (through litigation and other means), but won't reap the benefit of offering the course itself. So on net, the university is no worse off. At the same time, the professor's welfare doesn't change with this outcome. Because the university will prevent the professor's course from actually being offered, the professor won't become a star overnight and, since the corporation will make assignment of the course copyright a condition of the professor's contract, the professor won't soon reap the benefit of the for-profit corporation's higher remuneration. For the same reason, the professor's decision to go with the for-profit corporation won't have any negative consequences on academic culture.

If the individual faculty member chooses to sell a (stage one) course to a for-profit corporation and the university decides to play softball, the professor is much better off. With the corporation marketing and distributing the professor's course, the professor gets full star treatment and a high level of compensation. The only downside for the professor are the many negative consequences on academic culture. Meanwhile the university is much worse off. Not only does the university now have to compete with the corporation's course (which could potentially undermine or compete with the professor's on-campus product), by playing softball, the university sends the message to its faculty that it might not be long for this (Internet) world.

If the faculty member decides to go with her university employer and the university plays hardball, the professor is no worse off. The professor is simply doing marginally more work for marginally more pay. The university isn't going out of its way in its marketing to bolster the professor's reputation. And the professor isn't doing any damage to academia because the course is offered through the university. As for the university, it

is slightly better off because it actually gets to offer the professor's course, but slightly worse off because of deteriorating relations with its faculty as a result of its hardball policy. On net, the university is also no worse off.

Finally, if the professor chooses the university but the university plays softball, she is slightly better off as a result of the university's benevolent attitude in the furthering of her "star" status. But she is not much better off because she doesn't benefit from incremental remuneration; even with the university's softball allowance of equity participation in the model, the non-elite university's lackluster brand won't generate much income for the professor. In addition, she doesn't suffer by doing any harm to academic culture. The university, however, is slightly worse off. It does get to offer this one course, but again, its softball policy sends the wrong message to the vast majority of the school's teaching faculty and hurts overall morale.

So what will happen in this game? The first step is to determine whether either of the players has a dominant strategy.[368] If the faculty member develops for a for-profit corporation, the university is better off with a hardball strategy (no worse off > much worse off). And if the faculty member develops for the university, the university is still better off with the hardball strategy (no worse off > slightly worse off). So the university will play hardball no matter what strategy the faculty member selects: Hardball is a dominant strategy for the non-elite university. This may be an accurate reflection of reality at non-elite universities. David Noble says, "university administrators are coercing or enticing faculty into compliance, placing the greatest pressures on the most vulnerable-untenured and part-time faculty, and entry-level and prospective employees. They are using the academic incentive and promotion structure to reward cooperation and discourage dissent."[369]

In zero-sum games, players are generally assumed to pick their strategies simultaneously.[370] Of course, in reality, faculty will probably have an opportunity to evaluate the university's position before they choose their strategy. Or if they've already made a decision for one particular course, they'll have an opportunity to reconsider their strategy for the next game. So as a result of the existence of a dominant strategy for the non-elite university, professors are left with only two possible outcomes. But both faculty "hardball" outcomes leave them no worse off. So because faculty may be indifferent between developing for universities and asserting the copyright themselves (in order to develop for corporations) in the face of a

368 In zero-sum games, equilibrium strategies and equilibrium points based on concepts of dominance can exist. DAVIS, *supra* note 363, at 17.

369 Noble, *supra* note 15, at 38.

370 DAVIS, *supra* note 363, at 96.

dominant university hardball strategy, according to the model, they may go either way.[371]

This seems to be what's happening at those non-elite universities that have taken stock of possible outcomes in the age of the Internet and adopted hardball strategies. Whereas professors at the University of Colorado seem to be acceding to the university's demands,[372] the experience at York University was quite different. In 1996, according to David Noble, York created a subsidiary (Cultech) and began pressuring faculty to fix courses on video, CD-ROM or the Internet.[373] At least one part time faculty member was threatened with loss of her job and, after giving in, was hired to teach her own now-automated course at a fraction of her former compensation.[374] Apparently, corporations were invited to permanently place their logos on a university online course in return for a $10,000 contribution to courseware development.[375] The result was a fifty-five day faculty strike — halting both Internet *and* on-campus activities. Following this severe damage to faculty-university relations, professors eventually won the right not to be forced to use technology in classrooms or deliver courses over the Internet — a sort of *prise de conscience* for

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371 As a result of the existence of a dominant strategy for non-elite universities, the assumption that faculty are a monolithic group for the purpose of defining whether payoffs should account for potential job loss is irrelevant. For the only difference between the group and individual model is that the monolithic group has a viable option to threaten non-elite universities that they'll develop for a corporation (or not develop at all — a subset of the same threat), whereas that threat is more difficult to make and enforce professor by professor. But since universities have a dominant strategy, any threat is irrelevant by definition. No matter what the monolithic group threatens, they won't keep universities from adopting a hardball strategy. So it's fair to assume faculty are a monolithic group. This problem is more complicated where there is no dominant strategy and there are benefits from communication — a problem considered in detail in the elite university non-zero-sum game, *see infra*. (And although the monolithic group assumption is actually an input to the payoff matrix, I am assuming that a dominant strategy would result even without this assumption for the purpose of illustrating this zero-sum game.)

372 Noble found that Colorado's contract with eCollege.com "explicitly identif[ied] itself as the 'author' of all course materials having full 'ownership rights.'" (Of course, this is just what the University's policy says.) More interesting was the fact that Noble was able to get Maureen Schlenker of UC Denver, who oversees UC Online, to admit that UC might require faculty to participate. Noble, *supra* note 50. There has been no visible reaction from faculty.

373 Noble, *supra* note 15, at 38.

374 *Id.*

375 *Id.*

Noble.[376] (Noble subsequently published two articles analyzing the plight of faculty in a world of Internet education — *Digital Diploma Mills* and *Digital Diploma Mills, Part II*.[377])

b. Elite Universities: Non-zero-sum Games

The game at elite universities is different in form and complexity. Whereas non-elite universities and their faculty confront a zero-sum situation, as has been discussed, elite schools reasonably expect to prosper —

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[376] Weiss, *supra* note 123, at 1. *See* Noble, *supra* note 15, at 38. ("According to the contract, all decisions regarding the use of technology as a supplement to classroom instruction or as a means of alternative delivery 'shall be consistent with the pedagogic and academic judgments and principles of the faculty member employee as to the appropriateness of the use of technology in the circumstances.' The contract also guarantees that 'a faculty member will not be required to convert a course without his or her agreement.'")

[377] Noble, *supra* note 50. ("Like the commercialization of research, the commercialization of instruction entails a fundamental change in the relationship between the universities and their faculty employees. Here faculty who develop and teach face-to-face courses as their primary responsibility as educators are transformed into mere producers of marketable instructional commodities which they may or may not themselves 'deliver.'" . . . Once faculty put their course material online, moreover, the knowledge and course design skill embodied in that material is taken out of their possession, transferred to the machinery, and placed in the hands of the administration. The administration is now in a position to hire less-skilled, and hence cheaper, workers to deliver the technologically prepackaged course. It also allows the administration, which claims ownership of this commodity, to peddle the course elsewhere without the original designer's involvement or even knowledge, much less financial interest. The buyers of this packaged commodity, meanwhile, other academic institutions, are able thereby to contract out, and hence outsource, the work of their own employees and thus reduce their reliance upon their in-house teaching staff"). *See also* Noble, *supra* note 15, at 38. ("Most importantly, once the faculty convert their courses to courseware, their services are, in the long run, no longer required. They become redundant, and when they leave, their work remains behind. In Kurt Vonnegut's classic novel *Player Piano*, the ace machinist Rudy Hertz is flattered by the automation engineers who tell him his genius will be immortalized. They buy him a beer. They capture his skills on tape. Then they fire him. Today faculty are falling for the same tired line, that their brilliance will be broadcast online to millions. Perhaps, but without their further participation. Some skeptical faculty insist that what they do cannot possibly be automated, and they are right. But it will be automated anyway, whatever the loss in educational quality. Because education, again, is not what all this is about; it's about making money. In short, the new technology of education, like the automation of other industries, robs faculty of their knowledge and skills, their control over their working lives, the product of their labor, and, ultimately, their means of livelihood.")

in general and at the expense of non-elite universities. So here, the payoff matrix is actually easier to define. The non-zero-sum game at elite universities is a cooperative game, *i.e.*, there's enough incremental benefit to make both players better off if they are able to cooperate (university = softball; faculty = develop for university). But unfortunately for elite universities seeking control over copyright, cooperation appears elusive in this game.

		FACULTY MEMBER	
		Develop for university	Develop for corporation
ELITE UNIVERSITY	Play softball	(better off, better off)	(slightly worse off, much better off)
	Play hardball	(much better off, slightly worse off)	(no better off, no better off)

As illustrated above, when the elite university chooses to play softball, it's to the professor's benefit to develop for the corporation. And when the elite university plays hardball, the professor is still better off trying to develop for the corporation. This is because the university will appropriate all gains from the course offering, leaving the elite university faculty member — who, in the absence of a hardball strategy, is offered relatively more status — and income-raising opportunities than her brethren at non-elite universities — sapped for time and depleted. In choosing the corporate route, however, the faculty member at the elite university will never waste her time turning a stage one course into a stage three course without prior assurance from her employer that she owns the stage one course. Consequently, she's better off developing for the corporation. When the professor chooses to develop for the corporation, the elite university is better off playing hardball in order to stop a competitive product from coming on the market. And when the professor wants to develop for the university, the university will benefit by maximizing its own profit and status at the professor's expense (*e.g.*, withholding profit sharing and capturing additional goodwill by featuring its brand over the professor's name in the course marketing). As a result, the elite university non-zero-sum cooperative game results in a hardball-corporation outcome. No courses will be developed, and none of the substantial Internet education benefits within the reach of elite universities and their faculties will be captured.

The resulting cheat-cheat outcome is a Nash equilibrium in this non-zero-sum game. David Kreps defines a Nash equilibrium as "an array of strategies, one for each player, such that no player has an incentive (in terms of improving his own payoff) to deviate from his part of the strategy

array."[378] This particular Nash equilibrium result is "cheat-cheat" — an example of the most famous non-zero-sum cooperative game, the Prisoner's Dilemma. In the Prisoner's Dilemma, two equal perpetrators of a crime are arrested and interrogated separately by the police. While each claims his own innocence, he must decide between vouching for the other suspect and ratting the other guy out. If they vouch for each other and cooperate, they can both get away with it. The problem is that each risks taking the full rap if he vouches for the other guy and the other guy rats him out. So both suspects' fear of this worst outcome will cause them to rat (cheat). As a result, the Nash equilibrium is cheat-cheat, and both suspects go to jail. "The Prisoner's Dilemma," says Robert Axelrod, "is simply an abstract formulation of some very common and interesting situations in which what is best for each person individually leads to mutual defection, whereas everyone would have been better off with mutual cooperation."[379]

Fortunately for the elite universities and their faculties, each isn't interrogated separately and forced to choose a strategy. Before we can determine the result of a non-zero-sum game, says Morton Davis, "we must determine whether the players can consult beforehand and agree to their respective strategies in advance. And will these agreements be binding?"[380] In cooperative games, "communication is an unalloyed blessing."[381] So if the players can come to an agreement with which each believes the other will comply, the players can shift the outcome from cheat-cheat to cooperate-cooperate (softball-develop for university).

The question of whether communication will be a blessing in this case is the same as whether the two players can credibly threaten one another. In the Prisoner's Dilemma, each player can credibly threaten the other because both know the other has information that, if revealed, could result in a lengthier stay as a guest of the state. Here, although most elite university administrations are multi-headed hydra-type beasts, it's fair to assume that the university speaks with one voice and can therefore choose to play hardball and enforce that hardball strategy. Alternatively, the university can credibly threaten to play hardball unless faculty develop for the university. Whether faculty can do the same is an open issue. In the zero-

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[378] KREPS, *supra* note 361, at 28. *See also* NICHOLSON, *supra* note 358, at 621 ("Under Nash's procedure, a pair of strategies, say, (a,b) is defined to be an equilibrium if a represents player A's best strategy when B plays b and b represents B's best strategy when A plays a.").

[379] Robert Axelrod, *Property Rights that Arise Outside the Legal System, in* PERSPECTIVES ON PROPERTY LAW 277 (Robert C. Ellickson *et al.* eds., 1995).

[380] DAVIS, *supra* note 363, at 90-91. "In the zero-sum game, this doesn't come up. There the ability to communicate is neither an advantage nor a disadvantage, since the players have nothing to say to each other." *Id.*

[381] *Id.* at 93.

sum game, we saw that assuming the entire faculty acted as a single professor wasn't problematic because the existence of the non-elite university's dominant hardball strategy rendered any threat irrelevant. In this game, however, threats matter. If faculty can make a credible threat that they'll develop for corporations (or not develop at all, a subset of the corporation threat, so far as the university is concerned) unless the university plays softball, they can push the non-zero-sum outcome to cooperate-cooperate or softball-university.

Whether professors can agree to act as a single bargaining unit is really whether professors can solve their own Prisoners' Dilemma.

		FACULTY MEMBER Y	
		Cooperate in threatening university	Defect from threat and develop for university
FACULTY MEMBER X	Cooperate in threatening university	(better off, better off)	(much worse off, much better off)
	Defect from threat and develop for university	(much better off, much worse off)	(worse off, worse off)

In the above non-zero-sum Prisoners' Dilemma, featuring a faculty of two — professors X and Y — both professors would be better off if they cooperated in threatening the university. They could then credibly threaten the university and arrive at the optimal result in the elite university-faculty non-zero-sum Prisoners' Dilemma. Unfortunately, each is better off defecting from an agreement to threaten the university. If faculty member X cooperates and faculty member Y defects, X's threat makes Y's defection more valuable to the university. Think of Y — the university's last hope for Internet course development in this faculty of two — as a player who, given X's threat, can hold out for a king's ransom (in income and status) from the elite university. As a result, Y will be much better off than he would have been had X and Y both cooperated on the threat. Meanwhile, X will be much worse off. The opposite result is reached if Y cooperates and X defects. If both X and Y cooperate, they're able to make a credible threat, and will come to an agreement with the university on a softball-university outcome, leaving both elite university and faculty better off. But if both defect, they'll be unable to make a credible threat, and thereby frighten the university into playing softball — and will therefore be stuck with a hardball strategy and the Prisoners' result of a cheat-cheat (hardball-corporation) outcome. As in the main game itself, unless faculty can come to some sort of agreement to threaten the university, they'll both defect. Further complicating the picture is the fact that an elite university faculty tends to be larger than two. In fact, each professor at the elite

university will play the above game against every other professor, and the total number of games that must result in the cooperate-cooperate outcome in order to successfully threaten universities in the antecedent game approaches $\Sigma_{-}(1 - n\text{-}1)$, (n = number of faculty at the university).

Is there any reason to expect this much cooperation? Perhaps, just as faculty may be prone not to develop or, if they do develop, to develop for universities out of allegience to academic culture, faculty will trust and adhere to one another in this difficult decision. Perhaps they'll cooperate out of fear of being branded a scab and expelled from the academic circles they cherish. That said, it is probably fair to say that professors at elite schools are more iconoclastic than typical faculty. In any event, I doubt most professors will be persuaded by the above concerns when confronted with a lucrative university offer to defect. And it ought only to take a few defectors to ruin the threat's effectiveness.

So if faculty are to make a credible threat, they'll have to use some sort of extrinsic mechanism. One such mechanism might systematically pay bribes to faculty threatening to defect out of the marginal proceeds (softball — develop for university) of the threat. But its hard to imagine how this could be delimited, or how we could even get faculty to agree to set up this mechanism. Indeed, the creation of a new agreement-enforcing device will require agreement in the first instance: Catch 22. So faculty members' only hope is that such a mechanism already exists.

A faculty union is such a mechanism. As members of a union, professors select a common agent to act on their behalf in negotiations with their employer. An operational, representative and empowered union would be a monolithic group that could make a credible "develop for corporation" or — more likely, with regard to the vast majority of elite university faculty who won't be approached by the cherry-picking for-profit corporations — "refusal to develop" threat. At Acadia University in Nova Scotia, Canada, in the fall of 1997, a majority of the faculty union voted to suspend its involvement in a program which would have required professors to post class notes on Web sites. The action was taken despite student opposition, and despite the fact that many professors saw value in and supported the program. Nevertheless, the existence of the faculty union allowed professors to act as a single, decisive unit.[382] No wonder David Noble finds Internet education "especially pressing for those faculty who work in a non-union workplace."[383] "Unionized faculty have at least an organization and collective bargaining rights through which they might

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382 Jennifer Lewington, *Irate Professors Put Technology to Work: Nova Scotia's Acadia University is Feeling the High-Tech Effects of an Electronic Slowdown*, THE GLOBE AND MAIL, Jan. 16, 1998, at A7.

383 Noble, *supra* note 50.

fight for their rightful claims," says Noble. "But non-unionized faculty must invent other means . . . ."[384]

Trade unions got a boost in the 1930s, when the Wagner Act of 1935 made it an "unfair labor practice" for a private employer to refuse to bargain collectively with employees.[385] The Taft-Hartley Act (1947) and the Landrum-Griffin Act (1959) also expanded workers' collective bargaining rights. Together, the sections of these Acts that deal with collective bargaining are referred to as the National Labor Relations Act (NLRA).[386] Employees of public institutions fell outside the coverage of the NLRA. So the Federal Government has granted similar rights to public employees through executive orders and most states have passed "little Wagner Acts" to permit collective bargaining by state employees.[387]

Collective bargaining by college and university professors began in the late 1960s. The first college to organize was the Bryant College of Business Administration — a private institution in Rhode Island — in May of 1967. Subsequently, two public institutions were organized: The U.S. Merchant Marine Academy (1968) and the City University of New York (1969). As of May 1973, 15% of U.S. college and university faculty were represented by formal bargaining units.[388] However, 75% of these unionized faculty were employed at (public) community colleges, and another 16% were from public colleges and universities.[389] Only slightly over 8% — totaling 6,900 professors — were employees of private four-year institutions.[390]

One impediment to the college union movement has been the question of whether faculty really are employees. "Managerial employees" are excepted from the protective coverage of the NLRA.[391] And since the traditional concept of a university is a self-governing community of scholars — Justice Cardozo noted in *Hamburger v. Cornell University*,[392] that "[b]y practice and tradition the members of the faculty are masters and not servants"[393] — professors at private universities may not have considered themselves eligible for the same "boost" the legal system provided to

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384 *Id.*

385 ROBERT K. CARR & DANIEL K. VAN EYCK, COLLECTIVE BARGAINING COMES TO THE CAMPUS 5 (1973).

386 *Id.*

387 *Id.* at 7.

388 A.W.J. THOMSON, AN INTRODUCTION TO COLLECTIVE BARGAINING IN HIGHER EDUCATION 1 (1974).

389 *Id.* at Appendix A.

390 *Id.* Moreover, half of all unionized faculty worked in New York State, and very few outside the Northeast.

391 CARR & VAN EYCK, *supra* note 385, at 37.

392 148 N.E. 539 (N.Y. 1925).

393 *Id.* at 541.

unionization in other (non-professional) fields. Nor did most private universities. Nonetheless, early National Labor Relations Board (NLRB) decisions favored faculty at private institutions, and in 1973, two experts predicted that it was "unlikely that any labor board will hereafter hesitate to let faculty members claim the right to bargain collectively, on the basis of [the] . . . contention that the faculty is part of management . . . ."[394]

But the Supreme Court confounded all expectations in *National Labor Relations Board v. Yeshiva University*.[395] Yeshiva University — a private institution — saw its faculty petition the NLRB for collective bargaining status in 1974 and opposed the petition on the grounds that faculty were managerial or supervisory personnel and therefore not employees within the meaning of the NLRA.[396] The record revealed that — as is typical of private colleges and universities — while ultimate authority resided in a Board of Trustees, faculty members decided what courses would be offered, when they would be scheduled, admitted students and held other responsibilities indicative of "managerial" status.[397] The NLRB ruled for the Union. But when the University still refused to negotiate and the Union sought enforcement in the Court of Appeals for the Second Circuit, the NLRB decision was reversed. The Supreme Court defined "managerial employees" as those who "formulate and effectuate management policies by expressing and making operative the decisions of their employer" and found the authority exercised by Yeshiva faculty to be dispositive because it would be considered managerial "in any other context."[398] "To the extent the industrial analogy applies," said Justice Powell in a 5-4 majority, "the faculty determines within each school the product to be produced, and terms upon which it will be offered, and the customers who will be served."[399] In his dissent, Justice Brennan argued that the academic community is simply not "any other context,"[400] and characterized faculty participation in managerial decisions as advice "attributable solely to its collective expertise as professional educators and not to any managerial or supervisory prerogatives."[401] "The University always retains the ultimate decisionmaking authority . . . ."[402] Finally, Justice Brennan argued that the majority's decision was premised on an "idealized model of collegial decisionmaking that is a vestige of the great medieval university. But

394 CARR & VAN EYCK, *supra* note 385, at 36.
395 444 U.S. 672 (1980).
396 *Id.* at 674-75.
397 *Id.* at 677.
398 *Id.* at 682.
399 *Id.* at 686.
400 *Id.* at 694 (Brennan, J., dissenting).
401 *Id.* at 697 (Brennan, J., dissenting).
402 *Id.* at 698 (Brennan, J., dissenting).

the university of today bears little resemblance to the 'community of scholars' of yesteryear . . . . Education has become 'big business,' and the task of operating the university enterprise has been transferred from the faculty to an autonomous administration . . . ."[403]

Not surprisingly, while nearly 250,000 faculty on over 1,000 campuses are currently organized — about 44% of full-time faculty (26% of all faculty) — only 10,725 of unionized faculty are employed at private institutions.[404] Almost all organization (95%) occurs at public colleges and universities, and most of this (70% of all collective bargaining agreements) is at two year (community) colleges.[405] Factoring out research universities, "which with a few exceptions are not organized," 89% of public university faculty are represented by a collective bargaining unit.[406] So collective bargaining has virtually no presence at elite universities, which are all either private or "research universities."[407] Consequently, it seems as if faculty at elite universities simply don't have the ability to make a credible, enforceable threat to develop courses for a corporation or not to develop at all, and therefore, both parties to the elite university game will end up at the cheat-cheat (hardball — develop for corporation) outcome. And although it's likely that the impact of Internet learning will result in a new push for collective bargaining at private and research universities, not only might faculty have to figure out how to end-run the *Yeshiva* decision, more important, they'll first have to agree to agree to unionize. Gary Rhoades believes that it's "too late for bargaining agents to negotiate faculty involvement and rights in the use of instructional technology."[408]

The game theory model may help explain the experience at UCLA — certainly a brand-name school — where both university and faculty are playing hardball. In 1994, UCLA gave a company, then called The Home Education Network (THEN) — since renamed OnlineLearning.Net — headed by John Kobara, a former UCLA Vice Chancellor, the exclusive right to put all 4,500 UCLA Extension (UNEX) courses on the Internet.[409] (The pretext, of course, was that UCLA owned its (stage one)

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403 *Id.* at 702-03 (Brennan, J., dissenting).

404 GARY RHOADES, MANAGED PROFESSIONALS: UNIONIZED FACULTY AND RESTRUCTURING ACADEMIC LABOR 9-10 (1998).

405 *Id.* at 12.

406 *Id.* at 10.

407 This result isn't surprising since faculty at elite universities are more likely to view themselves as participants in the "idealized model of collegial decisionmaking that is a vestige of the great medieval university."

408 RHOADES, *supra* note 404, at 265.

409 "The original agreement between THEN and the Regents of the University of California (on behalf of UNEX, a part of the Division of Continuing Education of UCLA, signed by Robert Lapiner, UCLA Dean of Continuing Studies) granted THEN the exclusive right to produce, for a ten year

extension courses. But just in case, UCLA planned to compel its instructors to assign their copyrights to UCLA,[410] so that UCLA could transfer ownership to THEN.) Although the deal was signed by UCLA, the agreement required UNEX to coordinate the participation of other University of California campuses as well as other academic units of UCLA.[411] And in 1996, the deal was amended to explicitly assign all Internet rights to THEN.[412] With the publication of Digital Diploma Mills and the arrival of David Noble on campus, however, faculty began to wake up. In March of 1998, the *L.A. Times* reported that "professors at UCLA have become concerned about the [THEN] contract, even though it does not affect them directly; extension courses generally are not taught by regular faculty members."[413] The reactions ranged from concern,[414] to anger.[415] The reaction from UCLA and THEN? "Officials of the extension program and of the company deny that they have ever claimed ownership of instructors'

'production period,' and exploit, in perpetuity, all electronic versions of UNEX courses: 'the sole, exclusive and irrevocable right under copyright and otherwise to make, produce and copyright . . . audio, visual, audio/visual, digital and/or other recordings of all UNEX classes . . .' as well as 'the sole, exclusive and irrevocable right under copyright and otherwise to exhibit, perform, broadcast, transmit, publish, reproduce, manufacture, distribute, advertise, sell, rent, lease, market, publicize, promote, merchandise, provide technical support for, license and otherwise exploit . . . the Recordings . . . .'" Noble, *supra* note 50. No one knew about the deal until Noble published his second *Digital Diploma Mills* article. The confidentiality clause in the 1994 agreement required UCLA to "hold in confidence and . . . not disclose or reveal to any person or entity confidential information relating to the nature and substance of this Agreement . . . ." and also mandated the same of participating instructors. *Id.*

410 "This was made fully explicit with the inclusion in the Agreement of an 'Exhibit A,' outlining a compulsory 'Instructors' Agreement,' whereby instructors would be made to surrender their rights to UNEX as a condition of employment . . . [According to Exhibit A], the Instructor must agree to grant to UNEX the same rights granted by UNEX to THEN [*see supra*] . . . The Instructor must acknowledge and agree that 'THEN shall be deemed the author of the Recordings' and that the 'Instructor has no rights of any kind or nature in the Recordings of UNEX Classes taught by the Instructor;' . . . the 'Instructor must not permit the Course Materials utilized by the Instructor for UNEX Classes taught during the Production Period to be recorded by any Technology, except by THEN' unless it is approved by THEN or is restricted to publication in print form on paper (*e.g.*, books) . . . 'THEN shall have the unlimited right to vary, change, alter, modify, add to and/or delete from the Recordings, and to rearrange and/or transpose the Recording and change the sequence thereof.'" Noble, *supra* note 50.

411 *Id.*

412 Jeffrey R. Young, *UCLA Contract Shows Complexity of Issues Involving Ownership of On-Line Courses*, CHRON. OF HIGHER EDUC., June 5, 1998, at A23.

413 Weiss, *supra* note 123, at 1.

courses . . . . We would never compel our instructors to give away their rights. The only thing THEN owns is the right to distribute the class with us. They don't own any of the content."[416] And indeed, anticipating an uproar, UCLA replaced the contract with an agreement which, although not available for review according to officials, "states the terms of the arrangement more clearly."[417] Noble says the revised agreement locates copyright ownership with UNEX (THEN would license the courses on an exclusive basis), but notes that the faculty position is not ameliorated: "UNEX now maintains that its ownership rights are automatic and would not require any formal contract with their employees."[418]

But UCLA didn't really adopt a softball strategy. In the middle of the summer of 1997, UCLA launched the Instructional Enhancement Initiative Program (IEI) — a $2.4 million project which would require the development of Web sites for all 3,300 College of Letters and Sciences courses in the 1997-98 academic year.[419] Faculty members received a 'Web kit' — including templates for home pages and help from a technical staff (composed largely of students) to help them customize their sites.[420] Faculty were told that they could create and maintain their class pages, or the university would do it for them.[421] Notably, the question of ownership

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414 *See* Young, *supra* note 412 ("The shifting rules produce uncertainty among professors who never have had to share their intellectual property rights with their employer.").

415 *See* Weiss, *supra* note 123, at 1. ("For their part, some instructors who teach the extension courses say they aren't worried about copyright issues. To them, the question of who owns their courses has a simple answer: They do. 'That issue,' says one instructor, 'has never been talked about, discussed — nothing . . . .' At one meeting, a white-haired professor in gray tweed warned colleagues not to allow their course materials on the World Wide Web without a formal protest. Another in a natty bow tie cautioned that UCLA could not be trusted with their ideas — hadn't administrators tried to cash in on a medical school staffer's plot for a TV hospital drama?")

416 Young, *supra* note 412.

417 *Id.*

418 Noble, *supra* note 50. "As David Menninger, UCLA's Associate Dean of Continuing Education and UCLA Extension, explained to me in a letter in December, 1997, 'since the focus of the Extension/THEN relationship has shifted to Extension online courses, for which the Regents of the University of California retain ownership, no such instructor's agreement has ever been used, nor is any further need anticipated.'" *Id.*

419 Karen Kaplan, *UCLA's New Web-sters*, L.A. TIMES, Sept. 22, 1997, at 3. Noble believes the administration launched the Initiative over the summer in order to keep faculty in the dark about the new web requirement. Noble, *supra* note 15, at 38.

420 Kaplan, *supra* note 419.

421 Steven Knowlton, *At UCLA, a Mixed Reaction to Web-Based Courses*, N.Y. TIMES, Sept. 3, 1998, at B1. Professors "don't have to do anything to the sites, which are created by technicians using the syllabus and other materi-

in the Web materials was not addressed (presumably, UCLA felt it was the owner). Noble raged at faculty: "They have gone after the dock workers, the auto workers and the steel workers . . . . And now, they are coming after us."[422] According to the *L.A. Times,* following a Noble speech at a UCLA luncheon, one professor reported hearing colleagues ask: "Why are we being forced to do these things? Are you going to take my courses and offer them to the world? These courses are our intellectual children, and we don't want anybody mucking around with them."[423] As with the extension course issue, "UCLA administrators have been scrambling to calm the waters. In a March 4 memo, [the] provost of the College of Letters and Science, assured department chairs . . . there are 'no plans' to use Web sites commercially . . . ."[424] (Noble has also found similar, troubling contract language in Berkeley's contract with AOL,[425] which presumes ownership of the stage one courses. Of course, like UCLA, Berkeley wanted to be certain it really did own the courses, and so drew up a generic course development "letter of agreement" which instructors would be required to sign.[426]) To date, only 30% of UCLA faculty have complied with the new Web requirement — not a very productive result.[427]

Of course, there are means — other than threats — of cooperating in non-zero-sum games. In the absence of credible and enforceable threats, "[w]hen the game is played repeatedly . . . it may be possible . . . to play in such a way that one's partner is induced to [cooperate]."[428] How so? "One way to do it is unilaterally to adopt an apparently inferior strategy [cooperation] and hope the other player catches on." This seems to be elite universities' current approach. For as we have seen — at least with respect to copyright ownership of the course[429] — almost all elite universities staking their place in Internet education have adopted softball strategies. So what hope is there that an elite university's opening move can persuade professors X, Y, Z, etc. to develop Internet courses for their em-

als instructors routinely turn over to their departments." Weiss, *supra* note 122.

422 Weiss, *supra* note 123, at 1.

423 *Id.*

424 *Id.*

425 "[Berkeley] grants AOL a non-exclusive, revocable, worldwide license to market, license, distribute, and promote [courses]." Noble, *supra* note 50.

426 "The Regents of the University of California will own the copyright to all materials you develop, in print or other media, for use in this UC Extension course . . . and we retain the right to continue offering the course should you resign as instructor." *Id.*

427 Appelborne, *supra* note 7, at Education Life 28-29.

428 Davis, *supra* note 363, at 94.

429 Most faculty at elite universities can probably assert ownership of their stage one courses.

ployer? David Kreps reports that a first-move can give the other player(s) "a piece of information on which to co-ordinate their choices."[430] And apparently, Professor Kreps' "own casual experiences playing . . . with students at Stanford University suggest that in a surprising proportion of the time (over seventy per cent), players seem to understand that the player who moves first obtains his or her preferred equilibrium."[431] And in Professor Robert Axelrod's computer Prisoner's Dilemma tournament, he found that the "single property which distinguishes the relatively high-scoring entries [iterated strategies] from the relatively low-scoring . . . is the property of being *nice,* which is to say never being the first to defect."[432]

But even the softball strategy involves a grab for copyright. So who among elite universities has been really *nice?* Not the names that have been mentioned, but rather the traditional leaders: Harvard, Princeton, M.I.T. and Yale. Harvard has no clear policy on ownership of copyright in Internet courses, and thus has not yet taken a step down the road of utilizing copyright to protect Internet education investments (while at the same time taking advantage of the legal default rules which would certainly prohibit a faculty member from using copyright offensively against a university — at least for stage three courses, *i.e.*, courses in which the university has made a development investment).[433] Princeton and M.I.T. (along with Emory, University of Chicago and University of North Carolina) are no worse off than Harvard, simply mimicking the default work for hire language. Yale (along with the University of Texas, the University of Virginia and Carnegie Mellon) grant faculty the copyright in their work unless specifically commissioned.[434] None of these elite schools have taken steps to use copyright to protect their Internet education investments — perhaps because they've realized that doing so will do more harm than good to their Internet education efforts. As such, they may actually be better off than Stanford, Duke, Johns Hopkins and Penn, which appear to be forcing the copyright issue with their professors and — given a David Noble-type catalyst in the faculty — could conceivably turn into UCLAs.

In summary, then, it's not at all clear that elite universities are doing themselves any favors by opening the copyright can of worms. The result is as likely to be a lack of Internet course production and an unhealthy

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430 KREPS, *supra* note 361, at 100.

431 *Id.* at 100-01.

432 Axelrod, *supra* note 379, at 283.

433 In November of 1999, however, Harvard made headlines by forbidding Arthur Miller, a Professor at Harvard Law School, from contributing to an online course developed by a for-profit company. Marcus, *supra* note 149.

434 So while it might be impossible for these schools to avoid the copyright discussion, they need only settle for a joint copyright or a royalty-free license.

relationship between the university and its faculty as anything productive or positive. For just as Internet education can be seen as the antithesis of the prestigious (on-campus) educational product on which elite universities' brands have been built, the product of this copyright grab may be the antithesis of the environment necessary for the production of that prestigious (on-campus) educational product (*i.e.*, the "idealized model of collegial decisionmaking that is a vestige of the great medieval university"). Copyright is more problematic than panacea. What, then, should universities do if they still wish to capture some benefits of Internet education? Are there other ways to protect an investment in Internet course development?

III. ALTERNATIVE MODELS FOR INTERNET EDUCATION

A. Elite Universities

Elite universities must be wary of the scope of their Internet programs if they want to preserve the value of their prestigious brands. And trying to protect even one investment in an Internet course could set off a wave of problems with faculty members. Are there alternative (more effective, less-cumbersome) means by which elite universities can protect their investments? And more fundamentally, what is the appropriate scope of Internet education at elite universities?

1. Technology

In the above discussion of infringement, we failed to note that the technology exists today to prevent the vast majority of would-be infringers from copying (elements of) an Internet course and violating the copyright owner's exclusive right to distribute, display and perform publicly and reproduce. In fact, these technologies are so cheap and so readily available, it would be foolish to resort to an *ex post* enforcement regime like copyright in the face of such an inexpensive preventive alternative.

First, copyright owners can design their courses so that all course elements or objects (*e.g.*, chart, text box, threaded discussion) can neither be copied individually nor as a whole. The latter requires application of available encryption technologies. And the former simply requires creating courses atop secure templates which won't allow for copying of individual elements. Such a strategy need not be pedagogically-limiting. For while students might not be able to physically manipulate individual course objects in a "secure" course, it should be possible to build intra-course tools — like a "download to course notebook" command which makes a copy to the student's "notebook" on the server (not to the client) — in order to replicate any functionality lost as a result of the server-side security.

In addition, every course object can be digitally-watermarked. Digital watermarking involves embedding a unique ID directly into every course object. One digital watermarking service — Digimarc — presents users clicking on the watermarked-object with a license agreement or an easy means of contacting the owner, *e.g.*, link to Web page.[435] More exciting is Digimarc's "MarcSpider" service which scans the Web, identifying all copies of the object, and generating reports which allow the owner to determine whether the objects are being used appropriately and with permission.[436] So while cryptography and secure templates will thwart all would-be infringers except the most sophisticated, the sophisticated commercial infringers can be easily tracked with digital watermarking and search engines.

But let's say a university utilizes digital watermarking to locate a sophisticated commercial infringer who has incorporated costly digital animation elements into a competitive course. What then, in the absence of copyright protection? The university could differentiate its educational product by continually innovating, *i.e.*, adding updates, links, etc. But this is hardly a costless solution. (Still, it may be less costly than copyright enforcement. As Dan Burk says, "The full benefits of copyright cannot be achieved without registration of the work, and tracking such registrations . . . [which] may be costly and time-consuming."[437])

2. *Alternative Legal Regimes*

Are there alternative legal mechanisms to protect Internet course investments without entering into the copyright game? Couldn't a university protect itself with a "click-wrap" license — an agreement all students must sign prior to enrollment that forbids copying and competitive uses of course materials? Or what about a misappropriation claim similar to that in *International News Service v. Associated Press*,[438]— a case involving a competitive wire service's rewriting of AP stories? Both of these options involve state law and universities would have to worry about preemption by the federal Copyright Act. For example, in *National Basketball Association v. Motorola*,[439] the NBA pressed an *INS* claim for Defendant's SportsTrax paging service's alleged misappropriation of NBA scores. Section 301 of the Copyright Act preempts state (misappropriation) law unless: (1) The subject matter "does not come within the subject matter of copyright"; or (2) The rights violated "are not equivalent to any of the

435 Digimarc Web site (visited Apr. 5, 1999) <http://www.digimarc.com>.
436 *Id.*
437 Burk, *supra* note 237, at 13-18.
438 248 U.S. 215 (1918).
439 105 F.3d 841 (2d Cir. 1997).

exclusive rights within the general scope of copyright . . . ."[440] The Second Circuit found that NBA scores fell within the subject matter of copyright because — even though scores are uncopyrightable facts — "copyrightable material often contains uncopyrightable elements within it," and preemption of misappropriation of broadcasts but not preemption of misappropriation of underlying facts would "render the preemption intended by Congress unworkable."[441] Internet courses, of course, are more than lists of facts and clearly fall within the ambit of copyrightable subject matter. So what about the scope requirement? The *Motorola* court found an *INS*-type claim (based on copyrightable subject matter) survives preemption only if, *inter alia*: "(i) the plaintiff generates or collects information at some cost or expense . . . [and] (ii) the value of the information is highly time-sensitive . . . ."[442] This is to say that only a "hot news" claim survives preemption; a claim of misappropriation of elements of an Internet course (unless a course on hot news) would clearly be preempted by the Copyright Act.[443]

So what about alternative protections available under federal law, avoiding the preemption problem? The federal unfair competition provision of the Lanham Act provides that "any person who . . . uses in commerce any . . . device . . . which is likely to . . . deceive as to the affiliation . . . or origin . . . of his or her goods, services, or commercial activities . . . shall be liable in a civil action . . . ."[444] But whether or not this might apply to a misappropriated Internet course, the problem with a federal unfair competition remedy, as with a state contract or misappropriation claim, is that, in order to exercise the legal right against a competitor, a university will first have to enter into negotiations with faculty. For a university's standing to bring any of these claims will be contingent on the university's ownership — not of the copyright, perhaps, but of the course product. And while the ownership question might not be contested by a pirating competitor, what about the faculty member who moves to a new institution and decides to take her million-dollar Internet course along? As with copyright ownership, the default position is unclear. So no university would do well to rely on any of these alternative legal regimes

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[440] *Id.* at 848.

[441] *Id.* at 849.

[442] *Id.* at 852.

[443] The *Motorola* court notes, however, that the state law contract claim might not be preempted. In *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996), Plaintiff's shrink-wrap license claim was not found to fall within the scope of copyright because the rights Plaintiff sought to enforce under private contract rights were not equivalent to the exclusive rights granted by copyright law. National Basketball Ass'n. v. Motorola, 105 F.3d 841, 849 (2d Cir. 1997) (citing *ProCD*, 86 F.3d at 1455).

[444] 15 U.S.C. § 1125(a)(1) (1994).

without first negotiating for ownership — specifically, for the right to bring a state contract or a federal unfair competition claim against any competitive use of the course product, including by the professor. And since this negotiation would probably be substantially similar (if not identical) to the copyright discussion, these "alternatives" are really not alternatives at all.

But there is something universities own *a priori*: their trademarks. Assuming an elite university places its mark on a course, that course can only be offered by a competitor to the extent the competitor erases all vestiges of the university mark. For the anti-dilution provision of the Lanham Act allows a cause of action for commercial use of a famous mark which "causes dilution of the distinctive quality of the mark."[445] Dilution is defined in § 1127 to mean "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: (1) competition . . . or (2) likelihood of confusion, mistake or deception."[446] So it wouldn't be terribly challenging for a university to prove that a commercial competitor's use of course elements associated with the university's mark was diluting "the distinctive quality of the mark" (especially if linked with inferior — *i.e.*, non-elite university — instruction). And such a claim would probably also work against a professor who has shopped her course to a new Internet education provider. But the nub is that the course elements must identify the university in some form — either through explicit use of the university's mark (name, logo, insignia, seal) or through trade dress. Although professors wouldn't object to permeating the course with the university's mark,[447] this is only possible insofar as technologies like encryption and digital watermarking allow the university to permanently link the (set of) course object(s) to the mark or trade dress. If competitors can separate the object from the (inherently distinctive)[448] source-indicator, they may feel free to use the costly course material without worrying about an anti-dilution claim.

Regardless, the above argument assumes that the elite university wants to associate its Internet course with its valuable mark; for there can

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445 15 U.S.C. § 1125(c)(1) (1994). Non-commercial use of the mark is not actionable. 15 U.S.C. § 1125(c)(4)(B) (1994).

446 15 U.S.C. § 1127 (1994).

447 Universities could make a convincing argument that associating the course with the university's mark is necessary for marketing and distribution, and has no bearing on course ownership. But this argument would be markedly less convincing in the event that the university actually has to enforce its anti-dilution rights against a professor.

448 Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 766 (1992) ("We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols or devices capable of identifying a producer's product").

be no dilution unless there is a valuable, famous mark to be diluted. And this brings us back to the initial discussion of brand dilution. An elite university must be very careful not to link its brand too closely with a watered-down version of its traditional educational product. So when Harvard calls its Internet products "Harvard Internet University" and uses a seal different from its traditional crimson "veritas," the number of players who will be able to compete with that brand rises from very small number to include groups with nothing invested in their marks. Consequently, cooperation against piracy seems unlikely and there appear to be no viable alternative legal regimes which elite universities can use to protect their investments in Internet courses.

3. Alternative Business Models

All along, the paper has assumed the traditional on-campus and correspondence course business model: tuition and fees paid in exchange for educational services? Isn't it possible, if not likely, though, that some other business model could support the development of Internet courses? For example, in the absence of some form of fool-proof technological or legal protection, couldn't Internet courses be supported by advertising. Who might advertise on Internet courses? Probably not Ivory soap and Chevy trucks, although these marketers may be willing to pay high rates to reach a captive audience with an appealing demographic. More likely, colleges and universities could entice book (or electronic book) publishers and retailers to advertise. Amazon.com might want to advertise links to related books throughout a college's Internet course. Random House might want to advertise its new biography on Truman to students in a political science course on the U.S. presidency.

But elite colleges and universities don't even have to look that far. It's easy to imagine they could justify investing in the development of Internet courses as advertising for the core on-campus product. First, this "advertising" would serve to draw new students to campus — increasing revenue from on-campus enrollment. What better way to advertise the high quality of an institution's on-campus programs than to create a digital equivalent? Second, and much more important, Internet courses would be an excellent vehicle to improve alumni relations. Alumni who otherwise might only have thought of their alma mater once every five years, would find themselves engaged on a daily or weekly basis. Imagine the dedication of alumni who honestly felt they could access the intellectual wealth of the university over the Internet. Alumni giving would almost certainly increase by a substantial amount — perhaps by more than elite universities could garner from a full-blown fee-for-service Internet offering in the first instance.

Of course, it's true that if the Internet course provider has no means to protect against copying and republication of the Internet course, and if the course would still be perceived as valuable if offered by another provider, the value of the course is much lower for all advertisers (including the university itself) because the content is not unique. But the advertising model allows the university some protection. For if the university is using the Internet course to promote its core business, it will brand the course as its own because the advertising model automatically differentiates the Internet course from the core product and obviates the brand dilution problem. For example, even though the course or module on fractal geometry on the Harvard Web site is branded "Harvard," the consumer will chalk up the lack of personal interaction and contact with the faculty member to the fact that it is "free" (*i.e.*, supported by advertising).[449]

As a result, the advertising model will allow the elite university protection to protect its Internet investments through the anti-dilution provision of the Lanham Act. For assuming elite universities will brand their Internet courses as their own, why would someone want to access a Harvard course off of UNext's Web site? If the course isn't branded as a Harvard course, it's not going to be competitive with Harvard-branded courses. Even a professor escaping with a Harvard-funded course to Kansas State wouldn't erode Harvard's market share. Harvard really only needs to fear comparable brands like Yale and Princeton. So what will be the outcome of this inter-elite university game?

In the above non-zero-sum Prisoners' Dilemma, featuring a faculty of two — professors X and Y — both professors needs to fear comparable brands like Yale and Princeton. So what will be the outcome of this inter-elite university game?

		FACULTY MEMBER Y	
		Refrain from offering competitor-developed courses (cooperate)	Offer competitor-developed courses (cheat)
ELITE UNIVERSITY X	Refrain from offering competitor-developed courses (cooperate)	(better off, better off)	(slightly worse off, much better off)
	Offer competitor-developed courses (cheat)	(much better off, slightly worse off)	(no better off, no better off)

[449] As soon as Harvard begins charging tuition, however — even (or especially) at a discounted level — a comparison to on-campus education — and therefore brand dilution — is unavoidable.

If elite universities X and Y cooperate with one another, they'll both be secure in their (advertising-supported) Internet investments and better off for entering the market for reasons explored above. If one offers competitor-developed courses while the other refrains from doing so, the cheating university will be much better off because profiting off the other's investment. But if both universities cheat, they might not be any better off because investing in Internet course development may not make sense if another elite school can siphon off the course's students and advertising "revenues" by offering it itself. Cheat-cheat is a Nash equilibrium here. But unlike the elite university-faculty game, the players in the inter-elite university game are institutions and can make credible threats. And given the limited number of players in this game (depending on how you define "elite," between fifteen and thirty) it's probable that cooperation will emerge.

Consequently, it seems as if elite universities making use of technological protective mechanisms should feel confident investing in Internet course development in the absence of a copyright agreement with faculty as long as: (1) The business model differentiates the branded product from the core (on-campus) product; and (2) The developing faculty member can't use copyright offensively against the university (*i.e.*, keep the elite university from continuing to offer the course). Elite universities can afford to avoid the copyright quagmire entirely by choosing an advertising model, branding the course as their own and then settling with faculty for joint copyrights, royalty-free, unlimited licenses or avoiding the discussion entirely. Of course, the scope of an advertising-supported Internet education program — especially if the "advertising" is for the core on-campus product alone — is probably more limited than a fee-for-service model. But this may be the best elite universities can do without diluting their brand and destroying relationships with their faculties.

B. Non-elite Universities

And so, perhaps the plight of non-elite universities in an Internet world is not as desperate as previously thought. For when elite universities realize their limitations and put the brakes on expansive Internet education programs, many of the challenges faced by non-elite universities disappear. The University of Maryland is less likely to be panicked when the first entity to mount 1,000 courses online isn't Harvard but rather UNext. Indeed, non-elite universities are popularly portrayed as the big losers of the onset of Internet education. But the fact that non-elite universities developing Internet education programs face one less major challenge than elite universities (*i.e.*, brand dilution) means they may actually have an advantage: non-elite universities will have a significant head-start on elite universities.

But there remains the question of how non-elite universities can protect their investments in Internet courses.[450] As mentioned, technology can go a long way, but isn't a complete solution. And although non-elite universities should have no trouble branding their Internet courses with their (nonetheless famous, if not as prestigious) marks, anti-dilution is no solution since pirates can simply separate the course (object) from the brand. And so non-elite universities' Achilles' heel is protecting their investment: They must continue to utilize copyright (or other legal mechanisms for which ownership issues will be implicated) and face the attendant debates, conflicts and controversies with their faculties that — as we have seen — are associated with resort to such a regime.

C. Conclusion

Elite universities falter on brand dilution. Non-elite universities are tripped-up on protection. Who's left to provide Internet courses? For-profit corporations. UNext, Jones, Caliber and the like have neither branding issues nor problems soliciting copyrights from their (independent contractor) course developers. As a result, and perhaps not surprisingly, the Amazon.com of Internet education seems likely to arise from the same for-profit world that the real Amazon.com came from. Universities might do well to worry less about dominating the market for Internet courses or competing with one another and more about holding their ground against these new, unhampered for-profit competitors.

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450 Certainly they will try copyright. But even if elite universities decide not to try to dominate Internet education and non-elite universities face less of a zero-sum game, they'll still confront the non-zero-sum game issues raised above as relevant to elite universities.

APPENDIX: BRIEF HISTORY OF DISTANCE LEARNING

> Distance education has always been a side activity. In its history, certain visionary faculty and administrators have sought to extend the boundaries of their campuses with the use of print and telecommunications media. Main campus faculty and administrations tolerated distance education as long as it did not make a major difference in the number of students required to be present on campus for receiving normal annual funding from state legislators.[451]

Distance learning has been defined as "instruction offered through correspondence which requires interaction between the student and the instructing institution."[452] Of course, actual "correspondence" teaching — interaction of teacher and student (instructional materials, assignments) through the mail — was the first form of distance learning. Correspondence teaching emerged in U.S. in the 1880s when William Rainey Harper helped organize the Chautauqua College of Liberal Arts system of correspondence teaching and established a correspondence department — one of the five main divisions of the university — when he became the first president of the University of Chicago.[453] Also in the 1880s, a group of professors from prestigious universities assembled to form "The Correspondence University" — designed to reach "classes of people . . . employed in shops and upon farms who cannot leave their daily work to attend school or college . . . ."[454] Correspondence teaching has enjoyed limited success in higher education over the past hundred years or so. Since 1912, Indiana University has enrolled more than 400,000 students in correspondence courses.[455] But as a result of the (stilted) asynchronous-only communication, correspondence always seemed as if it was the last resort of those who absolutely needed a college education, but who had no access to on-campus instruction; although in 1963, it was estimated that 190,000 students were enrolled in correspondence courses,[456] most were in the armed forces.[457]

Development of audio and video recording technology certainly helped bring correspondence study to life, but the interaction remained entirely asynchronous. Recorded audio instruction was available on pho-

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451 Saba, *supra* note 57, at 1.

452 THE CHANGING WORLD OF CORRESPONDENCE STUDY 357 (Ossian MacKenzie & Edward L. Christensen eds., 1971) [hereinafter CHANGING WORLD].

453 *Id.* at 7, 16.

454 *Id.* at 40.

455 JONES SHOEMAKER, *supra* note 8.

456 CHANGING WORLD, *supra* note 452, at 52.

457 *Id.* at 357.

nograph records, and then, in the late 1960s, audio cassettes.[458] But as of 1969, only 40% of distance learning courses utilized recorded audio.[459] Recorded video began with production on 16-millimeter film, then dubbed onto videotape. But costs were extraordinary. Even after productions began being recorded directly onto video in the 1970s, Hudspeth and Brey reported that it was "not uncommon for production costs to exceed $1 million."[460] But recorded audio and video didn't themselves allow for even asynchronous interaction. Rather, they were a more dynamic means of presenting instructional material. As a result, they didn't radically change the nature (or popularity) of correspondence education, but simply replaced textual elements of a correspondence course where such enhancement made sense.[461] In any event, most recorded audio and video were created by recording (and preserving) synchronous audio and video instruction.

The first medium for synchronous distance instruction was radio. The University of Wisconsin's educational radio station, WHA, started broadcasting in 1919.[462] But primarily due to "lack of commitment by educational leaders to developing the medium for instructional purposes,"[463] radio education never really caught on in the U.S.[464] In general, U.S. educators didn't get excited about broadcasting instruction until the advent of television. Education was immediately seen as an important application for television technology and as early as 1933, the State University of Iowa broadcast a sketching lesson.[465] TV College, an extension of the City Colleges of Chicago, began broadcasting over Chicago's public television station WTTW in 1956,[466] and had over 100,000 enrollments from 1956 to 1973.[467] In 1952, when the FCC set aside 242 television channels for non-

458 *Id.* at 177.

459 *Id.* at 372.

460 DeLayne R. Hudspeth and Ronald G. Brey, Instructional Telecommunications: Principles and Applications 12 (1986).

461 A University of Kansas program to improve the teaching of engineering at the state's junior colleges involved the "integrated use of video tapes, audio tapes, programmed texts and course syllabi." MacKenzie and Christensen, *supra* note 452, at 172.

462 Zigerell, *supra* note 122, at 7.

463 *Id.* at 10. Already, synchronous distance education had a more promising start in the United Kingdom. In 1926, the British Broadcasting Corporation had a proposal for a "wireless university" and in 1927 had established an adult education division. *Id.* at 9.

464 Changing World, *supra* note 452, at 372.

465 Zigerell, *supra* note 122, at 7.

466 Hudspeth and Brey, *supra* note 460, at 12.

467 Richard Adler and Walter Baer, Aspen Notebook: Cable and Continuing Education 26 (1973).

commercial uses (eighty in VHF, the remainder in UHF range),[468] it was thought that television would allow access to higher education for every American. And some educational, philanthropic and commercial institutions made a real effort. Responding to the cold war threat, NBC's Ford Foundation-funded Continental Classroom offered courses in chemistry, math and political science.[469] But while some programs attracted large audiences — the final course on American Government had about 1.5 million viewers, perhaps because broadcast at 6:30 a.m., no course ever exceeded over 5,000 enrollments.[470] CBS' Sunrise Semester, offered in association with New York University, lasted longer — until the mid-1980s. But enrollments were smaller than large (on-campus) lecture courses.[471] Television failed as a mass medium for distance education for a number of reasons. First and foremost, like the recorded video it was simply a means of presenting instructional material and didn't allow for interaction. Consequently, it was criticized as "inflexible in terms of student study habits . . . ."[472] Faculty were particularly critical. Jack McBride, manager of the Nebraska Educational Television Network, argued that "[t]he chief reasons why American instructional television has advanced no further than it has, particularly at the higher education level, are faculty apathy and antagonism."[473] Another factor was cost. Although Chicago's TV College produced courses for about $4,000 per hour, it was not unheard of for hourly production costs to run to tens of thousands of dollars in the early 1970s.[474] As a result, television courses had to attract high enrollments in order to recoup the investment in production; most projects were cautious, and failed.[475] In addition, the frequencies assigned colleges and universities by the FCC were in the UHF range, and until the 1970s, receivers weren't very good at picking up UHF frequencies. Consequently, by 1991, television's presence in U.S. higher education was described as "humble and still marginal,"[476] and everyone agreed that the

468 ZIGERELL, *supra* note 122, at 3.

469 *Id.* at 28 (1991). The Ford Foundation spent more than $100 million on various instructional television projects from the 1950s on. *Id.* at 22.

470 *Id.* at 28.

471 *Id.* at 30.

472 CHANGING WORLD, *supra* note 452, at 372.

473 ADLER AND BAER, *supra* note 467, at 40.

474 *Id.* at 71.

475 The State University of New York's University of the Air was closed in 1971 after failing to develop additional (costly) courses and witnessing a decline in enrollments. ZIGERELL, *supra* note 122, at 20.

476 *Id.* at 3.

major U.S. educational achievement on television was not in higher education, but rather *Sesame Street*.[477]

As of the early 1990s, neither the advent of cable television,[478] nor satellite transmission,[479] had brought distance education into the mainstream of higher education. Most institutions offering distance learning used a mix of technologies. Penn State's University Division of Learning and Telecommunications Services offered classes at all twenty campuses using broadcast television, cable television, satellite and audio and video teleconferencing.[480] But in the U.S., distance education remained a "side activity." The world's major distance-only institutions were the U.K.'s Open University, with an enrollment of 134,000, Spain's National University of Distance Education with 125,000 students, Japan's University of the Air with 45,000 students, and Canada's Athabasca University with 13,000

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477 *Id.* at 12. Perhaps due to the relative unavailability of places at conventional universities and colleges, the story in the U.K. was very different. The Open University (OU) has been called "perhaps the greatest educational achievement of the twentieth century." *Id.* at 2. Indeed, it was one of the first autonomous, independent degree-granting institutions devoted to distance learning. OU utilized Chicago's TV College as a prototype, but the curriculum was based on the Scottish University model (6 year-long courses for a general degree; 8 for an honors degree). *Id.* at 24. Delivery of instruction was varied. Most courses relied on programs broadcast over the BBC at odd (late night, early morning) hours. Depending on the subject matter, however, other media could be as important, such as correspondence, radio and audiocassette, as well as actual attendance at two-week summer sessions on British University campuses. By the early 1980s, OU had become the U.K.'s largest degree-granting institution, with enrollment at 80,000. ZIGERELL, *supra* note 122, at 43.

478 Initially, cable was used to transmit teaching at one institutional location to another classroom or campus. Both Michigan State and Penn State began offering on-campus courses through closed circuit television for enrolled students. ZIGERELL, *supra* note 122, at 15. Some colleges were even established as cable satellites. (When it was founded, the University of Toronto's Erindale (Scarborough) campus employed television lectures for all undergraduate instruction.) *Id.* And in 1962, Penn State's cable enrollments reached 20,000. *Id.* at 16. But despite inexpensive video recording technology and 1972 FCC regulations requiring an "educational access channel" for new cable systems in the top 100 markets, by the time cable penetration grew significantly beyond 1972's 10%, there was substantial faculty and student resistance and interest declined. ADLER AND BAER, *supra* note 467, at 50. Today, cable is used primarily by medical, dental and other professional schools to transmit clinical and surgical procedures. ZIGERELL, *supra* note 122, at 17.

479 One pioneer of satellite transmission is National Technological University, which offers graduate engineering courses via satellite in the U.S. and has received financing to expand across the Pacific Ocean. JONES SHOEMAKER, *supra* note 8, at 14.

480 HUDSPETH AND BREY, *supra* note 460, at 21.

students.[481] In the mid-1980s, the number of total U.S. distance learning enrollments were only "in the hundreds of thousands."[482]

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[481] LEARNING BEYOND SCHOOLING, *supra* note 9, at 27.
[482] HUDSPETH AND BREY, *supra* note 460, at 21.

PRE-CONSTITUTIONAL COPYRIGHT STATUTES*

by FRANCINE CRAWFORD**

In the period between January, 1783, and April, 1786, twelve of the thirteen newly-independent colonies passed copyright statutes. A comparison of the pre-constitutional copyright acts follows, but the first the events which led up to their passage might be considered. The most appropriate point to begin is with the career of a man named John Usher.

John Usher was a prominent and financially successful publisher in Boston during the latter half of the seventeenth century. He not only published works in his own right, but he marketed the best English imports and local publication as well. While his career was at its height, Usher was chosen by the General Court of the Massachusetts Bay Colony to publish a revised edition of the public laws. Usher habitually contracted out his printing, and he began to worry that his printers, Samuel Green and Marmaduke Johnson, would run off more editions than he himself ordered, and sell these extra copies for their own profit.[1] In order to prevent this, Usher petitioned the court for the exclusive right of publication of the laws. Therefore, in May in 1672, the General Court for Elections of the Massachusetts Bay Colony issued the following order, our oldest indigenous copyright law:[2]

> In ansr to the petition of John Vsher, the Court judgeth it meete to order, & be it by this Court ordered & enacted, that no printer shall print any more coppies then are agreed & pajd for by the ouner of the sajd coppie or coppies, nor shall he nor any other reprint or make sale of any of the same, without the sajd ouners

*This paper won First Prize in ASCAP's 1975 Nathan Burkan Memorial Competition in Copyright Law at the New England School of Law, and was originally published at 23 BULL. COPYR. SOC'Y 11 (1975). In order to conform to current citation rules, there has been some minor editing of the footnotes.

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[1] 1 JOHN TEBBEL, A HISTORY OF BOOK PUBLISHING IN THE UNITED STATES 25 (1972).

[2] The court order was later expanded, giving Usher a definite right to publish this work for a seven-year period.

> consent, vpon the forfeiture and poenalty of treble the whole charges of printing, & paper &c., of the whole quantity payd for by the ouner of the coppie, to the sajd ouner of the coppie, to the sajd owner or his assignes.[3]

Though an act of this type was not passed in any other colony, it did incorporate all the basic elements of future pre-constitutional copyright statutes — *e.g.*, the persons protected (owners and their assigns), the consent provisions and the formula for computation of damages.

Of course, since the laws of Great Britain applied throughout its empire, printers and publishers in Usher's time were protected by English common law copyright and later by the British Copyright Act of 1710, which policed violations of intellectual property rights.[4] Only once more in the years between John Usher's petition and the Revolutionary War was a copyright bill produced in the colonies. In 1770, author William Billings tried to gain protection for his compendium of songs, *New-England Psalm-Singer.* Although the House of Representatives of Massachusetts passed the bill on June 14, 1772, giving Billings exclusive rights in the work for seven years, Governor Hutchinson would not sign it on the ground that English copyright laws were sufficient to protect the colonists.[5]

By the time the Revolutionary War broke out, Jeremy Belknap, founder of the Massachusetts Historical Society, Tom Paine, Joel Barlow, and Noah Webster were agitating for comprehensive copyright laws. By 1783, Webster was travelling north and south promoting the passage of such statutes. John Ledyard, author of *A Journal of Captain Cook's Last Voyage to the Pacific Ocean*, had petitioned the Connecticut Assembly for protection of his book. Webster, upon returning to his home state, was instrumental in persuading the Assembly there to grant Ledyard's request, and so the first independent American copyright act was passed, and the first copyrighted book in the new country was published.[6]

The Articles of Confederation, which went into effect on March 1, 1781, authorized Congress to set forth certain rules and regulations in order to preserve the independence and sovereignty of the states.[7] Later, James Madison and Ralph Izard, in an effort to extend statutory protec-

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[3] 4 RECORDS OF THE GOVERNOR AND COMPANY OF THE MASSACHUSETTS BAY IN NEW ENGLAND 506, 527 (Nathaniel B. Shurtleff, ed., Boston, W. White 1853-54).

[4] John Schulman, *The Battle of the Books Revived — Copyright Law Revision in the Year 1971*, 18 BULL. COPYR. SOC'Y 397, 404 (1971).

[5] TEBBEL, *supra* note 1, at 138.

[6] *Id.* at 138.

[7] SAMUEL ELIOT MORISON, THE OXFORD HISTORY OF THE AMERICAN PEOPLE 279 (1965).

tion of intellectual properties to authors, publishers, printers and their assigns, whose rights previously had been governed by English law, made the following resolution at the Congress of the Confederation:

> Resolved, that it be recommended to the several States to secure to the authors or publishers of any new books not hitherto printed, being citizens of the United States, and to their executors, administrators, and assigns, the copy right of such books for a certain time not less than fourteen years from the first publication . . . such copy or exclusive right of printing, publishing and vending the same, to be secured to the original authors, or publishers, their executors, administrators and assigns, by such laws and under such restrictions as to the several States may seem proper.[8]

The resolution was adopted on May 2, 1783, and, as a result, colonies which had not passed copyright legislation enacted laws in conformity with Madison's and Izard's guidelines. Massachusetts and Maryland, in addition to Connecticut, had already enacted statutes in this area. Delaware was the only state which never passed a copyright law.

The states took different approaches on the questions of which persons were protected, what works were included, what penalties were levied, and how suits were to be brought. What they all had in common, however, was a united wish to encourage scholarship and protect property rights in books and pamphlets. The legislators were concerned with balancing the rights of a creator with the rights of the public to have easy access to the work created.

The chronology of the statutes is as follows:

1. Connecticut - January, 1783
2. Massachusetts - March 17, 1783
3. Maryland - April, 1783
4. New Jersey - May 27, 1783
5. New Hampshire - November 7, 1783
6. Rhode Island - December, 1783
7. Pennsylvania - March 15, 1784
8. South Carolina - March 26, 1784
9. Virginia - October 17, 1785
10. North Carolina - November 19, 1785
11. Georgia - February 3, 1786
12. New York - April 29, 1786

[8] JOURNAL OF THE UNITED STATES IN CONGRESS ASSEMBLED, CONTAINING THE PROCEEDINGS FROM NOV. 1782 TO NOV. 1783, 256-57 (Philadelphia, C.D. Claypoole 1783).

I. Expressed Purposes of the Early Acts

Each new state, in the preamble of its copyright statute, expressed its reason for the legislation.[9] In general, the immediate catalyst for the passing of these laws was Madison's and Izard's directive to the Continental Congress, and the foundation upon which these statutes were built was the policy of protecting art and literature together with a strong sense of property rights. An example of this expressed rationale can be found in the Massachusetts statute:

> Whereas the Improvement of Knowledge, the progress of Civilization, the public Weal of the Community, and the Advancement of Human Happiness, greatly depend on the Efforts of learned and ingenious Persons in the various Arts and Sciences: As the principal Encouragement such persons can have to make great and beneficial Exertions of this Nature, must exist in the legal Security of the Fruits of their Study and Industry to themselves; and as such Security is one of the natural Rights of all Men, there being no property more peculiarly a Man's own than that which is produced by the Labour of his Mind: Therefore, to encourage learned and ingenious Persons to write useful Books for the Benefit of Mankind . . . .[10]

The Rhode Island preface was identical to this. The South Carolina statute was entitled "An Act for the encouragement of Arts and Sciences," and New Hampshire's act "for the Encouragement of Literature and Genius . . . ," echoed the Massachusetts preamble recited above. Georgia's copyright law had the same title as did New Hampshire's, and the New Jersey statute is but a slight variation on the theme: "An Act for the promotion and encouragement of literature."

Massachusetts considered copyright protection to be a natural right, in much the same way that copyright protection is considered today to be a Constitutional privilege,[11] New York felt that:

> it is agreable to the principles of natural equity and justice, that every author should be secured in receiving the profits that may arise from the sale of his or her works; and such security may encourage persons of learning and genius to publish their writ-

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[9] Except Virginia. Virginia gives no reason for her copyright law, launching immediately into the terms of the protection granted.

[10] Acts and Laws of the Commonwealth of Massachusetts 143 (Boston, B. Edes & Sons 1782) [hereinafter cited as Mass.].

[11] Wheaton v. Peters, 33 U.S. 591 (8 Pet.) (1834).

> ings, which may do honor to their country and service to mankind.[12]

The Georgia, North Carolina, and Connecticut preambles were worded similarly to the New York statute quoted above. Thus, even though encouragement of learning was included as a reason for these four statutes, the primary purpose seemed to have been the enforcement of a pre-existing right — a property right in intellectual works.

Pennsylvania's preamble was the most straightforward. It began with Madison's original recommendation to the states, although James Madison was not specifically referred to:

> to secure to the authors or publishers of any new books not hitherto printed, . . . the copy right of such books for a certain time . . . .[13]

The statute then mentioned that printers, booksellers and others

> have heretofore frequently taken the liberty of printing, reprinting and publishing or causing to be reprinted and published books and other writings without the consent of the author or proprietors of such books and writings to their vary great detriment, and the damage of their families, for preventing therefor such practices in the future, and for the encouragement of learned men to compose and write useful books, and in order to give all due force to the recommendations of congress. Be it enacted . . . .[14]

Though the phrase concerning the encouragement of the arts was included here, it definitely played a secondary role to the more practical considerations of financial damage to authors and publishers. One may draw an inference that what was prevalent in Pennsylvania was also prevalent in the other states.[15]

Pennsylvania was not alone in admitting that is citizens were capable of such a sophisticated form of theft, and that action was necessary to discourage unauthorized printings. Maryland said:

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[12] 1 LAWS OF THE STATE OF NEW YORK 274 (2d ed. New York, T. Greenleaf 1798) [hereinafter cited as NEW YORK].

[13] 11 THE STATUTES AT LARGE OF PENNSYLVANIA FROM 1682 TO 1801, 171 (James T. Mitchell & Henry Flanders comps., 1906) [hereinafter cited as PENNSYLVANIA].

[14] *Id.* at 271-72.

[15] There was little piracy in pre-Revolutionary America. Author's rights, however, were nor a determining factor in this circumstance. Every printer's welfare would have been threatened by mass mutual piracy. An unspoken "gentlemen's agreement" not to steal each other's works seems to have existed among these men throughout the early years. TEBBEL, *supra* note 1.

> Whereas printers, booksellers, and other persons may take the liberty of printing, reprinting, and publishing, or causing to be printed . . . books and other writings, without the consent of the authors or proprietors of such books and writings, to their great injury: For preventing therefore such practices, and for the encouragement of learned men, Be it enacted . . . .[15a]

Maryland did not actually admit that its printers and booksellers had been stealing other peoples' works — the state simply wished to remove temptation by imposing penalties upon anyone who might in the future consider such a course of action.

The various statutes, in their preambles, viewed the underlying rationale for copyright in three major ways. The "positive approach" was seen in the laws drawn up, ostensibly, to promote learning and encourage writing. The positive approach was also the majority approach. The "negative," but practical approach, illustrated by Pennsylvania's statute, was to discourage the theft of intellectual property. A third approach, the middleground, treated the protection of intellectual property as a natural right, and the copyright statutes under this view become simply a codification of that right.

II. Persons Protected Under the Early Acts

> The author of any book or pamphlet not yet printed, being a citizen of the United States of America, and his heirs and assigns, shall have the exclusive right . . . .[16]

The Pennsylvania statute partially quoted above was typical in its protection of authors, their heirs and assigns. Connecticut, Rhode Island, North Carolina, New Jersey, and Maryland protected authors, heirs and assigns, also.

Though the expressed purpose of the early copyright statutes was the encouragement of scholarship, the publishers as well as authors needed protection, since assignees of authors' rights were, most often, publishers. An author would be encouraged to write only if his work was marketable, and if copyright protection was lost when he transferred the work to a publisher, his market would be lost, also. Therefore, an author would be in favor of protecting publishers.[17]

[15a] LAWS OF MARYLAND, MADE AND PASSED, AT A SESSION OF ASSEMBLY, BEGUN AND HELD AT THE CITY OF ANNAPOLIS ON MONDAY, THE 21ST OF APRIL, 1783. (no page numbers) (Annapolis, F. Green 1783) [hereinafter cited as MARYLAND].

[16] PENNSYLVANIA, *supra* note 13, at 272.

[17] An argument might be made that publishers needed no extra encouragement to market books: the profit motive was sufficiently strong, even with literary

New York and Georgia protected an "author, assignee or proprietor . . . . " Pennsylvania and South Carolina also mentioned proprietors. *Black's Law Dictionary*, on page 1384, defines "proprietor" as:

> One who has the legal right or exclusive title to anything. In many instances it is synonymous with owner.

Virginia and South Carolina described in more detail those persons who were sheltered by statute. Virginia, in addition to protecting an author of a book already printed, his heirs and assigns, also went on to cover:

> the person or persons who have purchased or acquired such copy or copies, share or shares, in order to print or re-print the same, his heirs and assigns . . . .[18]

In other words, author A could assign his rights in a book to publisher B, for a consideration, and B could in turn sell it to printer C, who could further assign it to yet another party without losing copyright protection. The sphere of protection was thus potentially much broader than that of the majority of statutes. However, for a book already composed and not printed or published, or for future literary works, the persons protected narrowed to the author, his heir and assigns. South Carolina's terms were identical to Virginia's terms.

The requirement that the authors be "Subjects of the United States of America . . . ."[19] was a sign of the political times. British works were readily accessible and fair game for American printers and publishers. Few legislators of the period would have considered offering a British author (or worse, publisher) access to state courts to file a claim against a United States citizen. Madison himself, in his resolution to the Continental Congress, suggested limiting protection to United States citizens.[20] All but five states, New York, Connecticut, New Jersey, Maryland, and Georgia, expressly limited the application of their copyright laws to United States citizens.

Georgia required only that the author be "an inhabitant or resident in these United States . . . ."[21] Georgia's statute, passed in February of 1786,

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piracy. Therefore, the professed reasons for copyright laws may be contradicted by including assignees among those protected.

18 A COLLECTION OF ALL SUCH ACTS OF THE GENERAL ASSEMBLY OF VIRGINIA OF A PUBLIC AND PERMANENT NATURE, AS ARE NOW IN FORCE, COMPRISING THE FIRST VOLUME OF THE REVISED CODE (Richmond, Pleasants 1814) [hereinafter cited as VIRGINIA].

19 4 LAWS OF NEW HAMPSHIRE 521 (Henry H. Metcalf ed., 1916) [hereinafter cited as NEW HAMPSHIRE].

20 State citizenship requirements are discussed in the section on reciprocity.

21 DIGEST OF THE LAW OF THE STATE OF GEORGIA 342 (Horatio Marbury & William H. Crawford comps., Savannah, Seymour, Wolhopter & Stebbins 1802) [hereinafter cited as GEORGIA].

came at a later date than most of the other statutes, which may help explain this greater liberality. Connecticut's and New York's laws also protected inhabitants or residents, but though New York's act was passed in April, 1786, two months after Georgia's act was passed, Connecticut's was the earliest copyright statute. The argument that later statutes were more liberal in their citizenship requirements is therefore seriously weakened. No United States citizenship or residency requirement was mentioned by the Maryland legislature.

III. Works Protected Under the Early Laws

Books and pamphlets were the main pieces of work protected under these copyright acts. Books were expressly included in all of the statutes, and pamphlets were included in most.[22] Some statutes were broadly worded, to encompass many different forms of literary enterprise, while others were specific and limiting.[23]

Virginia spoke only of printed books and pamphlets, Maryland covered writings as well as books, New York added papers, and South Carolina's act, the most narrow of all, protected only books. The vast amount of intellectual endeavor which was left uncovered by South Carolina's law undoubtedly would have been the source of much litigation had the federal government not taken jurisdiction over copyright matters.

New Hampshire's description of writings protected was fairly broad: "all Books, Treatises, and other literary Works . . . ."[24] The catch-all phrase "other literary Works . . ." was intended to cover unforeseen problems to arise in the future.[25] Massachusetts and Rhode Island had similar provisions.

Under these three statutes, and under New York's act, literary properties were protected whether previously published or not. Georgia's act covered only works not yet printed at time of passage. Connecticut, North Carolina and Pennsylvania spoke of "books and other writings . . . [and] . . . pamphlets not yet printed . . .,"[26] excluding previously published books and pamphlets. Virginia and South Carolina had provisions for works currently in print and for works which would be printed subsequent to the effective date of the acts.

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[22] Pamphlets, or broadsides, were a popular method of exchanging political ideas in colonial and revolutionary America, and had the advantages of cheapness and speed of production.

[23] How broadly or strictly these statutes were interpreted would depend upon the state court's temperaments, the extent of violations, and the amount of damage done.

[24] NEW HAMPSHIRE, *supra* note 19, at 521.

[25] Manuscripts might have been included in this designation, also.

[26] PENNSYLVANIA, *supra* note 13, at 272.

Connecticut's act, along with Georgia's and North Carolina's contained an interesting variation on the prevailing theme of books and pamphlets, adding maps and charts to the list of protected works. Maps and charts were definitely products of much research and study, but they did cross over from the literary into the artistic and scientific spheres. Here, then, was the first inkling that copyright laws in the United States might protect artists and draftsman as well as authors and scholars. If a map or chart were considered strictly a writing, then it would easily fit within the "other literary Works . . ." category listed in statutes patterned after the Massachusetts law. However, reasonable men might differ as to how a map or chart should be classified, and ultimately, a conclusion might be reached that they were a separate entity entitled to separate treatment within the statutes. In a new country, the need for maps, coupled with the risks of exploration and surveying, made such an undertaking at once both profitable and dangerous, and therefore worthy of statutory protection. Connecticut's statute was the first to be passed, yet only two other states followed its example in regard to maps and charts.[27]

Connecticut's ingenuity did not cease with the copyrighting of maps and charts. This state, Georgia and New York were unique with their explicit statutory coverage of manuscripts:

> any person or persons, who shall procure and print any unpublished manuscript . . . shall be liable . . . to the said author or proprietor . . . .[28]

Manuscripts traditionally have come under a common law copyright vesting in the author or owner.[29] Connecticut's, Georgia and New York's attempts at a comprehensive statute which could be used in all foreseeable circumstances was commendable, even though the laws would have fallen short of that goal.

None of the statutes mentioned paintings or prints, which today are covered by court interpretations of copyright statutes or are protected by common law copyright. Since the colonies inherited a legacy of English common law, legislators may have felt that a complete list of all intellectual property encompassed by copyright acts was unnecessary and limiting. Another view is that non-literary works such as paintings were meant to be outside the reach of the copyright legislation.[30] An author and a

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[27] It is interesting to note that, although New York's law was patterned after Georgia's, New York did not include maps and charts, in its catalogue of protected works.

[28] NEW YORK, *supra* note 12, at 275.

[29] NIMMER ON COPYRIGHT, 11.

[30] Portraits in colonial America were executed chiefly by itinerant painters, and were rather primitive. As the years progressed, the European influence

painter both would be interested in the preservation of their property rights in their original work. However, if publishers were meant to be the principal beneficiaries of these acts, as opposed to the creators, then the omission of individual works of art is understandable.[31] Generally, publishers printed words, not pictures, during this period. Their main concern was the prevention of unauthorized printings of literary works which they had published. A copyright act which protected them from economic loss due to pirated books and pamphlets would be sufficient for their needs, and that, in effect, was what the majority of states granted them.

While intellectual properties such as paintings were passively excluded from protection by their omission from the statutes, other works were expressly and actively excluded in unequivocal language. Connecticut, Georgia and New York mirrored then-current popular prejudices and sympathies in the terms of their acts. The three states worded their exclusion clauses similarly, emphasizing that the copyright act was not meant to authorize[32] or screen from punishment:[33]

> any person or persons who may be guilty of printing or publishing of any book, pamphlet, or paper that may be prophane, treasonable, defamatory, or injurious to government, morals, or religion.[34]

Which works would have been categorized as profane, treasonable, defamatory, or injurious was a court determination, as it would be today.[35]

These three statutes also contained provisos that:

> nothing in this act, shall extend to effect, prejudice, or confirm the rights, which any person may have, to the printing or publishing of any book or pamphlet, at common law, in cases not mentioned in this act . . . .[36]

The New York clause quoted above affirmed a legislative intent not to interfere with private contracts, transfers of printing or publishing rights, or other related transactions.

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strengthened, more money became available, and the general quality of paintings was upgraded. Painters became artists.

[31] Connecticut legislators could not have anticipated movies, television, records, computers, and the myriad other forms of communication, the copyrights of which have been litigated in the courts in this century.

[32] NEW YORK, *supra* note 12, at 275.

[33] GEORGIA, *supra* note 21, at 343.

[34] ACTS AND LAWS OF THE STATE OF CONNECTICUT, IN AMERICA 134 (New London, T. Green 1784) [hereinafter cited as CONNECTICUT].

[35] No copyright act of the Revolutionary era defined its terms in order to aid the fact-finder.

[36] NEW YORK, *supra* note 12, at 275.

South Carolina disclaimed any intention of interfering with the importation of foreign literature. Its proviso read:

> nothing in this Act . . . shall be construed to extend, to prohibit the importation, vending, or selling of any books in Greek, Latin, or any other foreign language, printed beyond the seas; anything in this Act contained, to the contrary notwithstanding.[37]

North Carolina, also did not wish to prevent the importing, reprinting, or publishing of any book, map, or chart originally published abroad. A new country needed a cheap, readily available source of foreign language books, especially the classics, in order to educate its youth and to provide a variety of resources for its citizens. In addition, South Carolina may have been motivated by a wish to promote foreign trade — later on in American history, states would not be able to dictate laws concerning foreign trade even if they so desired.

Virginia, Pennsylvania, Rhode Island, New Jersey, Maryland, Massachusetts, and New Hampshire did not specifically exclude any literature or any related transactions from the shields or penalties of their copyright laws. Although the legal justification would not be found in the express words of the statute, however, court in those states still may have refused to grant relief to a plaintiff who, for instance, complained that his treasonous work had been copied without his permission.[38]

IV. Term of Protection Under Early Laws

Pennsylvania extended to persons protected within the copyright act:

> the exclusive right of printing, publishing and vending the same, within this state, for the term of fourteen years, to commence from the day of its first printing or publication in this state.[39]

Also, at the end of this initial fourteen-year period the exclusive right:

> of printing and disposing of any such book or pamphlet in this state shall return to the author thereof, if then living, his heirs and assigns for the term of fourteen years more . . . .[40]

The fourteen-plus-fourteen provision was the basic formula found in copyright statutes of the 1780's. Pennsylvania decreed that initial fourteen-year term started on the date of the first printing or publication of the work anywhere. At the end of fourteen years, the rights again vested in

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37 4 THE STATUTES AT LARGE OF SOUTH CAROLINA 619 (Thomas Cooper ed., Columbia, A.S. Johnston 1837) [hereinafter cited as SOUTH CAROLINA].

38 The estoppel theory was a possible defense here.

39 PENNSYLVANIA, *supra* note 13, at 272.

40 *Id.* at 272.

the author,[41] and he had the option of renewing the copyright for himself or of renewing a prior assignment of printing or publication rights, for another fourteen years.

New York, Connecticut, New Jersey, and Georgia provided for the same initial and renewal rights, as did Pennsylvania. These states, also, started the first fourteen years tolling on the first printing or publication within their own boundaries, and the second fourteen-year term at the expiration of the first fourteen-year term. Maryland's law gave authors fourteen years of security, followed by another fourteen-year period of renewal, but the term began on the date of first publication anywhere.

South Carolina distinguished between terms applicable to authors or proprietors whose books were already published, and terms applicable to the authors or assigns of books intended to be published in the future. The act, passed in March of 1784, was effective retroactively from January 1, 1784. Books in print were protected for a term of fourteen years "to commence from the said first day of January, and no longer . . . ."[42] The state of publication was irrelevant here, and South Carolina did not legislate any renewal rights for anyone under any circumstances.

Another state which afforded no renewal rights was North Carolina. The North Carolina term of protection began on the date of first publication anywhere, but, unlike the South Carolina law, did not differentiate between works already published and works not yet published. The statutes of the Carolinas gave the shortest terms of protection of any of the statutes discussed.

New Hampshire was not concerned with the site of initial publication, but started its period of protection from the date of first publication wherever that occurred. New Hampshire's term, however, was unique: twenty years, with no renewal rights.

Massachusetts, Rhode Island and Virginia decided that twenty-one years was appropriate as a limited period of protection. The Massachusetts law began the period from the date of first publication anywhere, as did the Virginia and Rhode Island laws. An author could not renew his copyright in those states.

The four states which changed the term of protection from the traditional fourteen years to an extended term of twenty or twenty-one years were attempting to streamline the copyright process, and to simplify their laws. Perhaps they felt that copyright protection was increased even though potentially shortened by seven or eight years, since many authors or proprietors may not have re-registered properly, causing the copyrights

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[41] On the assumption that he previously had assigned his interest elsewhere: otherwise, the vested rights would never have left him at all.

[42] SOUTH CAROLINA, *supra* note 37, at 618.

to lapse. Today, many legislators are trying to change the copyright term of protection to life plus fifty years, and it is interesting to note that two hundred years ago legislators were motivated to make similar changes for similar reasons.

V. Registration Under the Early Statutes

In all the states which passed copyright laws, except Rhode Island and New Hampshire, authors, assignees, or proprietors had to register their works in some specified manner before they could avail themselves of the protection granted by the law. The requirements for registration differed from jurisdiction to jurisdiction, but the purpose of recording was the same everywhere—to help insure that any person claiming rights in a book or pamphlet was actually the author or proprietor of the same. Once a person became the owner of record of any given work, all he needed to do when suing another for a copyright violation was produce the official registration document, and show that the other party reprinted that particular work without authorization. The threshold evidentiary question of who owned the work was answered by the recording.

Although New Hampshire's act had no explicit instructions for registering a publication with any agency of the state, it did provide that only books, treatises and other literary works:

> having the name or names of the Author or Authors thereof printed and published with the same. . .[43]

would be protected. Authors of anonymous works seemingly are left to employ self-help. The Rhode Island statute contained this same provision.

South Carolina's law was typical of the registry requirements of the statutes:

> whereas, many persons may, through ignorance, offend against this Act, unless some provision be made . . . Be it therefore further enacted . . . [that] the title to the copy of such book or books hereafter published, shall, before such publication, be entered in the register book, to be provided for that purpose by the secretary of the State; which register book may at all office hours be resorted to and inspected by any bookseller, printer, or other person . . . without any fee . . . and the secretary shall . . . give a certificate under his hand, of such entry . . . and . . . may take a fee not exceeding two shillings and four pence . . . .[44]

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[43] NEW HAMPSHIRE, *supra* note 19, at 521. In England, the Parliamentary press restriction act completely forbade the publishing of anything to which the printer's name and place of publication had not been affixed. TEBBEL, *supra* note 1, at 45.

[44] SOUTH CAROLINA, *supra* note 37, at 619.

Note that once a book was published, under this act, the owner could no longer register it. In Maryland, the titles were registered with the clerk of the general court before publication, and certificates cost three shillings nine pence.

Virginia's registration clause was less detailed than South Carolina's clause. The author there could register the title with the clerk of the council whenever he wished, and receive a certificate upon the payment of three shillings. In New York, New Jersey, Connecticut, and Georgia, authors, assignees or proprietors could register the title of their works in the office of the secretary of state, who recorded the same. No filing fee was stipulated, and no certificate was given to the filing party. Pennsylvania provided for filing of the authors' or proprietors' names along with the titles of their books or pamphlets in the prothonotary's[45] office in Philadelphia, for a five-shilling charge.

The Massachusetts Legislature took a novel recording approach which closely resembled today's system of registration with the Library of Congress:

> every Author of such Book, Treatise, or other Literary Work, shall, in Order to his holding such sole Property in them, present two printed Copies of each and every of them to the Library of the University at Cambridge, for the Use of the said University, and prior to his Recovery of the said Forfeiture . . . shall produce . . . a Receipt of such Book, Treatise, or other Literary Work, from the Librarian . . . .[46]

This method safeguarded an author or proprietor and benefited scholarship at the same time. Also, when only the title of a work was recorded, confusion might have resulted when more than one work had the same or similar title. Filing the entire work circumvented this type of controversy.

North Carolina's act, also, provided for the filing of an actual copy of the book, map or chart to be registered:

> author or proprietor . . . shall . . . duly enter his name as author or proprietor, together with the title of the book, map or chart to be published, in the office of the secretary of the State, who is hereby directed to enter the same on record; . . . [and] shall . . . [deliver] . . . one copy of such book, map or chart, for the use of the executive of the State . . . .[47]

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[45] Prothonotary is defined as, "The title given to an officer who officiates as principal clerk of some courts." BLACK'S LAW DICTIONARY 1388 (rev. 4th ed. 1968).

[46] MASS., *supra* note 10, at 144.

[47] JAMES IREDELL, LAWS OF THE STATE OF NORTH CAROLINA 563 (Edenton, Hodge & Willis 1791) [hereinafter cited as NORTH CAROLINA].

The registration and delivery of the book, map or chart were to take place before publication.

None of the statutes which allowed an author or proprietor to renew his copyright at the end of fourteen years discussed re-registration of name and title. Since the registration process served to identify the owner of the property right in a literary work, perhaps a second filing would have been advisable in those instances when, for example, the holder of a copyright changed from publisher to author. These acts did not continue in existence for fourteen years, however, so the problem is moot.

Had these statutes remained in effect after the ratification of the Constitution, more detailed schemes for registration and regulation of copyrights would have had to be adopted. However, the recording clauses in general were effective as far as they went, since early legislators could not foresee the proliferation of the written word in our society.

VI. Early Consent Provisions

An author or proprietor did not have to sell all rights in his work if he contracted with other parties to print or distribute his book or pamphlet. From the late seventeenth century on, printers from different colonies often arranged to handle each other's works through consensual agreements.[48] Legally, one person could hold the copyright to a writing while another person could market it. What that second person needed, of course, was the author's or proprietor's consent. The early copyright statutes incorporated the consent concept into their texts, some setting out in detail the necessary elements of the consent, others simply stating like the Rhode Island statute:

> [no] person or persons shall print, reprint, publish, sell or expose to sale, or shall cause to be printed, re-printed, published, sold, or exposed to sale any book, treatise, or other literary work . . . without consent of the author or authors, or their assigns . . . .[49]

Consent under the Massachusetts, Rhode Island and New Hampshire statutes could have been oral, witnessed, unwitnessed, or implied; in short, no formal requirements were legislated. New York, in contrast, required that anyone who should:

> knowingly publish, vend, utter or distribute . . . [the books or pamphlets] . . . without the consent of the proprietor thereof in writing, signed in the presence of two credible witnesses . . .[50]

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[48] TEBBEL, *supra* note 1, at 46.

[49] LIBRARY OF CONGRESS, COPYRIGHT OFFICE, COPYRIGHT ENACTMENTS 1783-1900, at 17 (Thorvald Solberg comp., 1900).

[50] NEW YORK, *supra* note 12, at 274.

would be liable for damages to the lawful owner. Here, an oral consent agreement could not be advanced as a defense by a printer when sued by the lawful owner of a book or pamphlet.

New Jersey required that the consent of the author or proprietor be in writing, and duly attested, though no specific number of witnesses was legislated. Maryland's and Virginia's acts said that one might print or import printed copies of books or pamphlets if, before doing so, permission was granted in writing by the author or proprietor, and that writing must have been signed in the presence of two or more credible witnesses. These statutes, unlike New York's and Georgia's, precluded any attempt by an offending party to get permission from an author or proprietor after the printing or importing had been done.[51] South Carolina also required that the proprietor's consent be in writing, and, with Virginia and Maryland, allowed for more than two witnesses to that writing, as an additional safeguard against fraud. Two witnesses were the minimum number needed in these three states. North Carolina, Connecticut, and Georgia also called for a signed writing witnessed by two credible witnesses, but no more than two.

> [T]he consent of the author or proprietor thereof first lawfully obtained . . .[52]

was part of the Pennsylvania statute. Contract laws applicable there[53] during this period would have determined whether or not a signed, witnessed writing was a pre-condition to reprinting a given work. If the Statute of Frauds[54] were not incorporated into Pennsylvania's laws at that time, perhaps an oral agreement would have been sufficient to allow a printer or bookseller to deal in another's book or pamphlet.[55]

The desire to keep intellectual property freely alienable in part as well as in whole was demonstrated by the consent clauses in these statutes, especially in those states where a writing was required, both parties to a contract for reprinting rights were protected from later changes of heart or

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[51] If an author in Virginia or Maryland were to have given his permission after the fact, however, he may have been estopped from bringing suit. Other legal theories always were effective in conjunction with these copyright laws.

[52] PENNSYLVANIA, *supra* note 13, at 272.

[53] New Hampshire, Rhode Island, and Massachusetts laws also came within this proviso.

[54] The Statute of Frauds provides that certain classes of contracts, to be enforceable or to be used as a defense to an action, must be in writing and signed by the party to be charged. Smith v. Morton, 173 P. 520 (Okla. 1918).

[55] Or, if the Statute of Frauds were on the Pennsylvania books, the agreement between the proprietor and the other party might have been narrow enough in scope to fit within accepted exceptions to it.

fraudulent allegations by the other side. A written, signed and witnessed statement of consent was a valid defense to any action in copyright brought under these acts, provided that such statement was not obtained through duress or under influence. The states wished to provide for great flexibility within their copyright laws, encouraging the wide dissemination of literature, while at the same time sheltering rightful owners of intellectual property from the ill-effects of unauthorized printings of their works.

VII. Bringing Suit Under the Statutes

The persons who could bring suit under these acts were those persons who were protected under them, with one notable exception which will be discussed later. Virginia, North Carolina and Connecticut stated that an injured party could recover damages "at the suit of such party, in any court of record within this commonwealth . . . ."[56] New Jersey's act set out damages:

> to be recovered by such author or proprietor in any court of this State where the same may be cognizable.[57]

New Hampshire's law, while as terse as Virginia's, did prescribe the cause of action to be used by the authors or assigns:

> [damages] to be recovered by Action of Debt,[58] in any Court of Record proper to try the same . . . .[59]

Jurisdictional considerations such as the residence of the parties and the amount of damages claimed would determine whether or not a particular court was the proper one. Rhode Island's statute contained the same provision as did the New Hampshire statute.

Massachusetts echoed the New Hampshire phrase quoted above, but went on to provide that prior to recovery, an injured party must produce in open court where the action was tried a receipt from the current Librarian of the "University Library" where the copies of his work were on file. The registration requirement here became more important than mere evidence in an action, but became an absolute prerequisite to recovery.[60]

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[56] VIRGINIA, *supra* note 18, at 21.

[57] ACTS OF THE SEVENTH GENERAL ASSEMBLY OF THE STATE OF NEW JERSEY, AT A SESSION BEGUN AT TRENTON, ON THE 22ND DAY OF OCTOBER, 1782, AND CONTINUED BY ADJOURNMENTS, BEING THE SECOND SITTING 47 (Trenton, I. Collins 1783) [hereinafter cited as NEW JERSEY].

[58] An action of debt is a common law action which lies to recover a specific sum of money, or a sum that can be easily reduced to a certainty. United States v. Claflin, 97 U.S. 546 (1878).

[59] NEW HAMPSHIRE, *supra* note 19, at 521.

[60] It was the same in most of the statutes. Consent contracts, on the other hand, were rebuttable pieces of evidence.

North Carolina's act, except for providing a forum of "any court of record . . ."[61] did not discuss the mechanics of bringing suit for copyright infringement. However, since a registration receipt was required to be given to the registering party by the Secretary of State, anyone involved in litigation under this statute who possessed such a receipt would have been well advised to produce it in court.

Pennsylvania, like Massachusetts, insisted upon one provision. Here an author was required to:

> insert on the back of the title page, a copy of the certificate of entry obtained of the prothonotary . . .[62]

and if he had not done so at the time of publication, his recovery was barred. This piece of legislation also set out two options for recovery of damages, the choice being determined by the amount of money sought by the plaintiff:

> [large damages] to be recovered by such author or proprietor in any court of this state where the same may be cognizable, or if under the value of five pounds, before any two justices of the county where such offense is committed . . . .[63]

The courts of record were thus saved from hearing a multitude of small actions which could glut their calendars. Also, a plaintiff seeking a small recovery was able to gain satisfaction from the defendant more quickly.

A detailed treatment of the mechanics of bringing suit was contained in the South Carolina act:

> to be recovered in any court of record of the said State, by action of debt, bill,[64] plaint,[65] or information,[66] in which no wager of

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61 NORTH CAROLINA, *supra* note 47, at 24.

62 PENNSYLVANIA, *supra* note 13, at 273.

63 *Id.* at 272.

64 A bill is a formal written complaint in equity averring that acts disclosed are contrary to equity and praying for specific relief. Sharon v. Sharon, 7 P. 456 (Cal. 1885).

65 A plaint is a civil law complaint. BLACK'S LAW DICTIONARY 1308 (rev. 4th ed. 1968).

66 Informations differ from bills in little more than form. 3 BL. COMM. 261.

> law,[67] essoign,[68] privilege,[69] or protection,[70] or more than one imparlance,[71] shall be allowed.[72]

Although the wording may be antiquated, the spirit was modern, for South Carolina helped an aggrieved party to be recompensed quickly and easily. The choice of actions made it less likely that a defendant could escape liability on the technicality of plaintiffs pleading the wrong cause of action. Sough Carolina's act continued:

> the defendant in such case may plead the general issue, and give the special matter in evidence . . . .[73]

Again, the statute attempted to simplify the proceedings by allowing the defendant to deny liability in his answer to the court and produce any special defenses at the trial itself.

A proviso in this statute set up a time limitation within which an action in copyright must be begun:

> all actions . . . for any offense that shall be committed against this Act, shall be brought, sued, and commenced within three months next after such offense committed, or else the same shall be void and of none effect . . . .[74]

South Carolina and Maryland were the only states which mentioned such a limitation within the act itself. Maryland's law said:

> all actions or informations for any offence that shall be committed against this act, shall be brought and commenced within twelve months after such offence committed, or the same shall be void and of none effect.[75]

In other states, a general statute of limitations pertaining to all causes of action applied.

New York's act provided that damages were to be recovered by the proprietor of a work in any court of law in the state proper to try the same. Georgia's statute provided that damages were recoverable in due course

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67 A wager of law is the giving of sureties. BLACK'S LAW DICTIONARY 1750 (rev. 4th ed. 1968).

68 An essoign is an excuse for not appearing. BLACK'S LAW DICTIONARY 642 (rev. 4th ED. 1968).

69 A privilege is an immunity. Cope v. Flannery, 234 P. 845 (Cal. Ct. App. 1925).

70 Protection was a writ by which a king might privilege a defendant from all personal and many real suits for one year at a time. This was obviously inappropriate in revolutionary America.

71 An imparlance is a continuance. Colby v. Knapp, 13 N.H. 175 (1842).

72 SOUTH CAROLINA, *supra* note 37, at 619.

73 *Id.* at 620.

74 *Id.*

75 MARYLAND, *supra* note 15, no page number.

of law. These two statutes, along with the acts of Connecticut and the Carolinas, were memorable for their clauses which required that copyrighted books be published at a cheap price and, except for the North Carolina act, in sufficient numbers. Four of the five provisions were essentially the same, the primary aspects being that any judge of the state supreme court, acting on a written complaint, could summon the author or proprietor to appear before the court. The court might then inquire as to whether or not enough copies of the work were furnished to the public and/or whether or not the profits realized from the sale were:

> beyond what may be adjudged a sufficient compensation for his or her labor, time, expences [sic] and risque of sale . . . .[76]

If the judge were to find the complaint justified, he would ask the author or proprietor to pay a security, on the condition that he should, within a time period set out by the court, correct the offense. If security were not furnished, or if the offense remained uncorrected, the court was empowered to award the complainant a license to reprint, on the payment of a bond by the complainant.

The fifth state, North Carolina, did not mention insufficient numbers of books in its clause, but instead dealt only with unreasonably priced books. While the mechanics of bringing suit under this clause closely resembled the procedure of the other four states, no license to print was given to the complainant if the original author or publisher did not adjust the price according to the court's direction. Instead, a financial penalty of twenty Spanish milled dollars[77] for every offense was levied, half to be awarded to the state, and half to go to the complainant. Georgia's law gave a reason for this truly revolutionary provision:

> it is equally necessary for the encouragement of learning, that the inhabitants of this state by furnished with useful books, &c., at reasonable prices . . . .[78]

Today, publishers put out editions in large enough quantity to satisfy the paying public.[79] On the issue of cost, however, socialists would agree that government regulation of profits would be desirable. The conditions and practices in eighteenth-century America brought about such legisla-

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[76] NEW YORK, *supra* note 12, at 275.

[77] According to North Carolina almanacs of the period, a Spanish milled dollar in 1767, eighteen years before the passage of this act, was worth approximately six shillings six pence in British currency. Colonial currency, in turn, was valued at 8% to 10% less than its British counterpart.

[78] GEORGIA, *supra* note 21, at 343.

[79] This is not necessarily true with other copyrightable material, such as films or art work.

tion, and with inflation rampant today, perhaps Congress will look back for guidance.

VIII. Penalties Under the Early Acts

Once a copyright claim had been adjudicated and the plaintiff had obtained a judgment in his favor, damages were assessed against the defendant. The statutes in general provided for one of two measures of damages.

Pennsylvania, New Jersey, Georgia, Connecticut, New York and Virginia laws allowed the injured party to recover double the value of all copies which were printed, imported, published, sold or exposed to sale without the proprietor's authorization. Proving the actual number of books or pamphlets which were illegally marketed might have been difficult, since in a civil action, the items might not be confiscated by officers of the law.[80] Also, the word "value" was nowhere defined — did it mean the instrinsic worth of the paper, the binding, and the man-hours worked, or did it mean the selling price or the profits to be gained? Double the value, no matter how value was determined, should have been adequate compensation to the proprietor.[81] Such punitive damages served as a deterrent to potential wrongdoers. Therefore, for all its possible drawbacks, this type of clause adequately served its purpose.

Connecticut, Georgia and New York, in addition to the penalties discussed above, gave damages to an author or proprietor whose unpublished manuscript was printed without his consent. No formula for computing these damages was set out, which meant the courts, in awarding damages, could take all factors into consideration.[82] Only New York awarded court costs to the injured plaintiff.

Rhode Island, New Hampshire and Massachusetts had statutes with clauses illustrative of the second type of damages provision. New Hampshire's law state that any person printing, reprinting, or selling any work without the consent of the author or assigns:

> shall forfeit and pay a sum not exceeding one Thousand pounds nor less than Five pounds — to the use of such Author or Authors, or their Assigns . . . .[83]

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[80] This is not universally true. *See, e.g.*, the South Carolina law, text at note 87, *infra*.

[81] Pennsylvania, in the provision in its law which said that a suit for damages which are less than five pounds should be heard by two county justices, recognized that the amount of damages might be low.

[82] *E.g.*, loss of profit, loss of privacy, possible damage to reputation, etc. Connecticut's law called for the payment of "just" damages.

[83] NEW HAMPSHIRE, *supra* note 19, at 521.

The means for ascertaining the exact amount due to plaintiff was not included in the acts. Presumably, judges had broad discretionary powers in this matter, with only upper and lower limited to guide them. The Massachusetts and Rhode Island laws contained the same provision as above, but set the upper limit of damages at three thousand pounds.[84]

The most original penalty provisions were found in the South Carolina statute:

> such offender or offenders shall forfeit such book or books and all and every sheet or sheets being part of such book or books, to the proprietor or proprietors of the copy thereof, who shall forthwith damask[85] and make waste paper of them; and further, that every such offender or offenders shall forfeit one shilling for every sheet which shall be found in his, her, or their custody . . . the one moiety[86] thereof to any person or persons who shall sue for the same . . . .[87]

The clause itself was labeled "penalty," putting the emphasis on punishment of the wrongdoer instead of on compensation for the injured. Since one-half of all moneys received by this calculation, which could have been a formidable amount,[88] went into the State's coffers, the act became less civil in aspect, and more criminal. The unusual directive to recycle the offending works into waste paper was a practical solution to the problem of what to do with the unauthorized books. Destruction also prevented the author or proprietor from obtaining statutory damages and later selling the illegally printed books for further profit. South Carolina's founders preserved authors' and proprietors' rights in their property, while punishing offenders and providing an additional source of revenue for the state.

Maryland, like South Carolina, fined a guilty person by the sheet, but in Maryland the penalty was higher, and the state kept no part of it. Two pence for each sheet found in the offending party's possession was the amount of forfeiture fixed by this legislature. The illegally printed books or writings were given over to the proprietor of the work, who presumably could re-sell them himself for further profit.

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[84] Three thousand pounds was (and is) a great sum of money, and such a stiff fine should have discouraged any organized attempt at literary piracy.

[85] Damask means "to deface (as a book) by marking with lines or figures." WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 571 (1971).

[86] Moiety is the half of anything. BLACK'S LAW DICTIONARY 1156 (rev. 4th ed. 1968).

[87] SOUTH CAROLINA, *supra* note 37, at 618.

[88] The South Carolina act protects only books, and at the old rate of twelve shillings to a pound, a 240 page book would have 120 sheets, making the vendor liable for a ten pound penalty per volume.

North Carolina's act stated that offenders:

> Shall forfeit to the proprietor all the books, maps, or charts thus printed, reprinted, imported, published, or offered for sale, together with double the value of the articles so imported; one moiety of which money shall go to the State, the other moiety to him who shall sue . . . .[89]

While certain elements of the South Carolina law were in evidence in the North Carolina law, such as the provision giving one-half of the damages to the state, on the whole the North Carolina statute was more generalized than the statute of its sister state.

IX. Reciprocity Under Early Laws

The Statutes, when they dealt with it at all,[90] approached the subject of reciprocity in two different ways. One group of laws protected out-of-state authors or proprietors only if the laws of the states from which they came shielded local authors or proprietors in return. Another group of statutes never became effective at all, since the date upon which they were to become active was the date when similar laws had been passed in each and every other state. This contingency never occurred.

The Massachusetts legislature passed the first type of reciprocity provision:

> this Act shall not be construed to extend in Favor or for the benefit of any Author or Authors, Subject or Subjects of any other of the United States, until the State or States of which such Authors are subjects, shall have passed similar Laws for securing to Authors the exclusive Right and Benefit of publishing their Literary Productions.[91]

This was an early statute (March 17, 1783), and for a year or two few out-of-state authors or assigns could have brought a successful suit in copyright in the Massachusetts courts, because their states did not yet protect Massachusetts authors. Gradually, the other states began to pass copyright statutes of their own, and the scope of national protection grew. Rhode Island's and New Hampshire's reciprocity clauses were identical to that of Massachusetts. The New York, North Carolina, Connecticut, and

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[89] NORTH CAROLINA, *supra* note 47, at 563.

[90] Neither South Carolina's, New Jersey's, nor Virginia's acts contained a section dealing with reciprocity. These three statutes protected anyone who had properly registered his work in the appropriate place with the appropriate fee.

[91] MASS. *supra* note 10, at 144.

Georgia laws contained provisos which in substance provided for reciprocal protection in the same circumstances described above.

Maryland and Pennsylvania copyright statutes contained clauses which were illustrative of the second group of reciprocity provisions. Neither law ever went into effect because the requisite acts never were passed in all other states.[92] Pennsylvania's clause read:

> this act shall not take place until such time as all and every of the states in the union shall have passed laws, similar to the same, in conformity to the recommendations of congress aforesaid.[93]

Had the Constitution not superseded the states' copyright statutes, one wonders if those laws with Pennsylvania-style reciprocity provisions would have become void as each new state was admitted into the union, and effective again when the new state passed copyright legislation. A state's rationale for allowing its own authors to remain unprotected until all other states passed similar laws is unclear. Pennsylvania and Maryland must have felt strongly that copyright was a subject requiring uniform national legislation. The Constitutional copyright provision might have been partially an outgrowth of this sentiment.

X. Other Provisions of the Early Copyright Laws

The statutes of South Carolina and New York contained certain provisions which were found in no other copyright acts of this time. These clauses were tacked on to the main bodies of the statutes, and did not deal directly with the mechanics of copyright protection. The provisions could be classified roughly as coming within the larger framework of encouragement of the arts and sciences.

Section IV of the South Carolina act granted for a period of fourteen years to "inventors of useful machines . . ."[94] the exclusive privilege of making or vending their machines, subject to the restrictions of the act. Since Section II of this law required registration with the Secretary of State, each machine must have been listed in that office before a patent right could have vested in the inventor. No method for computing damages in a patent situation was provided — one shilling a sheet was obviously inapplicable. The three month statute of limitations would have applied, as would the other procedural directives. South Carolina was one of the states which legislated against authors or proprietors who sold their books at unreasonable prices. Would this proviso have been interpreted strictly, *i.e.*, applicable only to the written word, or would inventions have been included within it? The courts would have had administrative diffi-

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92 Delaware never legislated on the subject of copyrights.

93 PENNSYLVANIA, *supra* note 13, at 273.

94 SOUTH CAROLINA, *supra* note 37, at 620.

culties in using one statute to control both copyrights and patents. Although these two subjects protected the fruits of man's intellectual labor, each had unique characteristics which called for separate treatment in the statutes.

New York's copyright law included a section which at first glance seemed misplaced. In Section V, the trustees of the Reformed Protestant Dutch Church in Flatbush, Kings County, were authorized[95] to convey part of their real estate (no more than six acres) and use the proceeds to erect an academy. Church and state were obviously not then as separate as they are today. Since New York's act is entitled "An Act to promote Literature," presumably the proposed academy was meant to foster such studies. The purpose was not spelled out in the legislation, and one can only hypothesize concerning the events which led up to the inclusion of this clause in an otherwise straightforward copyright act.[96]

CONCLUSION

Article I, § 8 cl. 8 of the United States Constitution:

> The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

This clause reputedly originated with Charles C. Pinckney, member of the Constitutional Convention from South Carolina.[97] Madison is entitled to as much credit as is Pinckney, however, because of his complaint in a speech to the Constitutional Convention that there was "a want of uniformity in the laws concerning literary property."[98] His position here was indisputable in light of the preceding examination. Also, he said that "States cannot separately make effectual provision for either [copyright or patent] . . . ."[99] This statement was opinion, but an educated opinion, based on his view of the level of performance of the statutes discussed. The Articles of Confederation had no provision for national protection of authors. There was no debate in the Constitutional Convention with reference to Article I, § 8 cl. 8, and when the states were ratifying the Constitution, no controversy arose concerning this provision. The states, for

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95 Did the church ask to do this, or was it an order?

96 Today there is no Reformed Protestant Dutch Church in New York.

97 The proceedings were secret, and no contemporary publications credited anyone for originating this provision. 2 GEORGE T. CURTIS, CONSTITUTIONAL HISTORY OF THE UNITED STATES 531 (Da Capo Press 1974) (1897).

98 Karl Fenning, *The Origin of Patent and Copyright Clause of the Constitution*, 17 GEO. L.J. 109, 113 (1929).

99 THE FEDERALIST NO. 43, at 267 (James Madison) (H.C. Lodge ed., 1888).

once, quickly agreed that the federal branch should control this aspect of the law.

While the lack of uniformity, coupled with the narrowness and unenforceability of certain provisions in some of the individual statutes may have caused the states to give over copyright control to the federal government, the impact upon later laws of these early attempts at copyright regulation is undeniable. The May 31, 1790 Act of the First Congress, "An Act for the encouragement of Learning, by securing copies of maps, charts, and books, to the authors and proprietors of such copies, during the times therein mentioned," was a direct descendent of the 1783 Connecticut statute, and elements in the national statute can be traced back as far as the 1672 Massachusetts Bay Colony order. No contemporary examination of American copyright history is complete without an examination of the roots of our copyright laws. Our founding fathers found it necessary to acquaint themselves with the details of the revolutionary states' copyright acts before committing themselves to new Federal legislation.

The concern with the protection of intellectual properties exhibited by such men as Madison and Webster was evidently a moving force behind the adoption of the Constitutional provision and of the subsequent Congressional enactments. These men, along with others involved in copyright legislation, gained valuable insights from their experiences with the earlier copyright laws of the twelve states. The original copyright acts discussed herein, while not models of legislative excellence, at least serve as an historical precedent, and even now may provide a useful idea or two for the future.

MOSTLY DEAD? COPYRIGHT LAW IN THE NEW MILLENNIUM

by ROBERT C. DENICOLA*

In 1974 Grant Gilmore published an engaging little book provocatively entitled *The Death of Contract.*[1] Gilmore undoubtedly knew that his news of contract's death was, as they say, greatly exaggerated, but he reported it with such abundant wit that no one really seemed to mind.[2] If law review titles are any guide, the past few decades have also seen the demise of other areas of the law, large and small. Some losses ("The Death of Subrogation,"[3] "Mortgage 'Cramdown,'"[4] and "Law Reviews"[5]) may elicit less concern than others ("The Death of Voting Rights,"[6] "Property Rights,"[7] and "Liability"[8]). A few seem especially worrisome: "The Death of Precedent,"[9] "Law,"[10] and "An Honorable Profession"[11] —

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1 GRANT GILMORE, THE DEATH OF CONTRACT (1974).

2 Gilmore in fact reported, not on the demise of contract as an economic or legal institution, but on the fall of one particular theory of contract liability—and even that was largely overstated. *See* Robert A. Hillman, *The Triumph of Gilmore's The Death of Contract*, 90 NW. U. L. REV. 32 (1995).

3 Brian G. Gilpin & John S. Hoff, *The Economic Loss Doctrine: The Death of Subrogation*, 10 AIR & SPACE LAWYER 1 (1996).

4 Elizabeth P. Mullaugh, *The Death of Mortgage "Cramdown" in Chapter 13: Nobelman v. American Saving Bank*, 14 J. L. & COM. 141 (1994).

5 Howard A. Denemark, *The Death of Law Reviews Has Been Predicted: What Might be Lost When the Last Law Review Shuts Down?*, 27 SETON HALL L. REV. 1 (1996).

6 Virginia E. Hench, *The Death of Voting Rights: The Legal Disenfranchisement of Minority Voters*, 48 CASE W. RES. L. REV. 727 (1998).

7 William J. Carney, *The ALI's Corporate Governance Project: The Death of Property Rights*, 61 GEO. WASH. L. REV. 898 (1993).

8 Lynn M. Lopucki, *The Death of Liability*, 106 YALE L.J. 1 (1996).

9 Robert J. Sweeney, *Harper v. Virginia Department of Taxation: Of Pernicious Abstractions and the Death of Precedent*, 39 N.Y.L. SCH. L. REV. 833 (1994).

10 Owen M. Fiss, *The Death of the Law?*, 72 CORNELL L. REV. 1 (1986).

11 Carl T. Bogus, *The Death of an Honorable Profession*, 71 IND. L.J. 911 (1996). Some areas of law have apparently endured multiple deaths. *See, e.g.*, Daniel O. Conkle, *The Second Death of Substantive Due Process*, 62 IND. L.J. 215 (1987); William W. Van Alstyne, *The Second Death of Federalism*, 83 MICH. L. REV. 1709 (1985); Harold S. Lewis, Jr., *The Three Deaths of "State Sovereignty" and the Curse of Abstraction in the Jurisprudence of Personal Jurisdiction*, 58 NOTRE DAME L. REV. 699 (1983).

ours. In recent years copyright law has been added to this obituary list,[12] its demise attributed to the coming of the digital age.

The argument that copyright cannot long survive in a digital environment runs like this: access to works in digital form can be controlled by technology. Even after a work has been accessed, technology can monitor and regulate its use. If the protective measures deployed by owners cannot be circumvented by users, owners will enjoy virtually absolute control over their works, unencumbered by the limitations embodied in copyright law. Electronic distribution systems allow owners to interact directly with users and that interaction will increasingly take the form of contracts dictating the terms and conditions of use. To paraphrase Sir Henry Maine, we will have a movement from copyright to contract.[13]

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[12] *See* Alex Alben, *The Death of Copyright in a Digital World: The Reports are Slightly Exaggerated*, 17 ENT. L. REP. (July 1995) at 3; Apik Minassian, Comment, *The Death of Copyright: Enforceability of Shrinkwrap Licensing Agreements*, 45 U.C.L.A. L. REV. 569 (1997); *cf.* Richard L. Stone & John D. Pernick, *Protecting Databases: Copyright? We Don't Need No Stinkin' Copyright*, 16 COMPUTER LAWYER (Feb. 1999) at 17.

[13] "[T]he movement of the progressive societies has hitherto been a movement *from Status to Contract*." HENRY S. MAINE, ANCIENT LAW 170 (1861). Copyright's demise may have been first predicted by Benjamin Kaplan in a remarkably prescient commentary offered almost thirty-five years ago. In his *An Unhurried View of Copyright* (1967), written when Bill Gates was not yet a teenager and computers were still energized by punched cards, Professor Kaplan offered a strikingly accurate vision of the future:

> You must imagine, at the eventual heart of things to come, linked or integrated systems or networks of computers capable of storing faithful simulacra of the entire treasure of the accumulated knowledge and artistic production of past ages, and of taking into the store new intelligence of all sorts as produced. The systems will have a prodigious capacity for manipulating the store in useful ways, for selecting portions of it upon call and transmitting them to any distance, where they will be converted as desired to forms directly or indirectly cognizable, whether as printed pages, phonorecords, tapes, transient displays of sights or sounds, or hieroglyphs for further machine uses.

Id. at 119. Kaplan foresaw clear implications for copyright:

> I am suggesting that copyright or the larger part of its controls will appear unneeded, merely obstructive, as applied to certain sectors of production and that here copyright law will lapse into disuse and may disappear. . . . The ingenuity which devises the systems will no doubt be capable of welding-in bookkeeping apparatus that can continue for the whole copyright period to bill the customers monthly or weekly with exact copyright charges per work used, as well as with system tools, and then to make precise royalty remittances to the copyright owners. Perhaps this ingenuity will also be equal to the task of preventing unconsented-to private copying of works by duplicating machines or compelling it to leave traces on the machines that can be followed up by some omnicompetent bookkeeper.

Some scholars have urged the courts to adopt heroic measures to preserve the "nice balance"[14] that is copyright. For better or for worse, their legal arguments are unlikely to prevail. In the end, only the public can place limits on the prerogatives of owners.

DIAGNOSIS

Copyright is not merely an anti-appropriation scheme designed to protect authors from having their works stolen by copiers. Unique among the powers delineated in article I, section 8 of the Constitution, congressional authority over copyrights and patents is linked to an explicit goal — "To promote the Progress of Science and useful Arts." The traditional model of American copyright law subordinates private to public interests. "The copyright law, like the patent statute, makes reward to the owner a secondary consideration."[15] The public interest pursued by copyright is the production and dissemination of works of authorship. To avoid underproduction resulting from prices bid down to the cost of copying, copyright provides authors with a set of exclusive — but circumscribed — rights. Exclusive rights in works of authorship, however, impose costs by restricting the consumption of public goods (including the use of existing works in the creation of new ones).[16] Modern copyright law seeks to balance the costs of restricted access against the benefits of encouraging creation.

Limitations on the rights of copyright owners are embedded throughout the copyright statute. All of their exclusive rights, for example, are subject to a fair use defense[17] — essentially an invitation to judges to recalibrate the balance between incentive and access case by case. Owners who transfer ownership of a copy of their work also lose most of their legal control over the copy's subsequent distribution and display,[18] and if the work is a computer program, over some reproductions and derivative uses as well.[19] Copyright protection cannot extend into the realm of ideas.[20] Other limitations include statutory exemptions for certain reproductions

Id. at 121-22.

14 Folsom v. Marsh, 9 F. Cas. 342, 344 (C.C.D. Mass. 1841) (No. 4,901) (Story, J.).

15 United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948). *See, e.g.*, Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) ("The immediate effect of our 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.").

16 *See, e.g.*, William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325, 326-32 (1989).

17 17 U.S.C. § 107 (1994).

18 17 U.S.C. § 109 (1994 & Supp. IV 1998).

19 17 U.S.C. § 117 (Supp. IV 1998).

20 17 U.S.C. § 102(b) (1994). It is this rule that precludes copyright protection for facts.

by libraries[21] and for consumers who copy musical recordings for noncommercial use.[22] There are also elaborate exemptions for certain public performances and displays[23] and a series of compulsory licenses that require payment but not permission for specified uses.[24] This is not necessarily a balance that copyright owners willingly embrace. Creators are also users and all that, but we would still expect copyright owners to prefer more rather than less protection. Digital technology, with its combination of self-help protection and contractual opportunities, offers owners a chance to rewrite the rules.[25]

The debate over this self-propelled expansion of intellectual property rights began in earnest following the 1996 decision in *ProCD, Inc. v. Zeidenberg*.[26] Judge Easterbrook's opinion for the Seventh Circuit overturned the trial judge's conclusion that the license accompanying plaintiff's massive CD-ROM telephone directory was unenforceable as a contract and preempted by federal copyright law. The package said that the sale was subject to the restrictions in the enclosed agreement, which permitted only noncommercial use of the uncopyrightable data, and offered a refund if the buyer objected. The defendant put the data on the Internet, available to users for a fee. Judge Easterbrook held that "[n]otice on the outside, terms on the inside, and a right to return" were sufficient to establish a contract. More importantly, he rejected the trial court's conclusion that the contractual restriction on reproducing and disseminating the uncopyrightable contents of the publicly distributed directory impermissibly interfered with federal copyright law.[27] The academic response was swift, with many writers arguing that the statutory limitations on the scope of copyright are not merely default rules that can be overridden by private agreement. For them, the balance embodied in federal copyright law represents a congressional decision about how to manage the creation and consumption of public goods for the benefit of the whole society.[28]

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21 17 U.S.C. § 108 (1994 & Supp. IV 1998).

22 17 U.S.C. § 1008 (1994).

23 17 U.S.C. § 110 (1994 & Supp. IV 1998).

24 17 U.S.C. §§ 111, 114, 115, 118, 119 (1994 & Supp. IV 1998).

25 The self-help opportunities created by digital technology can also increase the scope of protection by bringing within the owner's control infringing uses that previously could not be detected or prevented.

26 86 F.3d 1447 (7th Cir. 1996), *reversing* ProCD, Inc. v. Zeidenberg, 908 F. Supp. 640 (W.D. Wis. 1996).

27 Judge Easterbrook said that since the contract affected only the parties, it did not create "exclusive rights" in the directory and hence was not "equivalent" to copyright as required for preemption under § 301 of the Copyright Act. 17 U.S.C. § 301 (1994 & Supp. IV 1998).

28 *See, e.g.*, Julie E. Cohen, *Some Reflections on Copyright Management Systems and Laws Designed to Protect Them*, 12 BERKELEY TECH. L.J. 161 (1997); Dennis S. Karjala, *Federal Preemption of Shrinkwrap and On-Line Licenses*,

Although not everyone agrees that the move from copyright to contract is on the whole a bad thing,[29] few seem to doubt that we are headed in that direction.

The hand of copyright owners was strengthened in 1998 by the passage of the Digital Millennium Copyright Act.[30] Section 1201 of the Copyright Act, which forbids the circumvention of technological measures that control access to copyrighted works, will soon go into effect.[31] The same section also forbids the manufacture or sale of devices that are primarily designed to circumvent access controls or controls protecting an owner's reproduction or other exclusive rights.[32] The prospect of access and use channeled through contract has led many to conclude that the primary responsibility for maintaining an appropriate balance between owners and users must now lie with the courts.

PRESCRIPTION

A familiar litany of doctrines has been pressed on the courts by those seeking to restrain the contractual expansion of rights in works of author-

22 U. DAYTON L. REV. 511 (1997); Mark A. Lemley, *Beyond Preemption: The Law and Policy of Intellectual Property Licensing*, 87 CAL. L. REV. 111 (1999); Michael J. Madison, *Legal-Ware: Contract and Copyright in the Digital Age*, 67 FORDHAM L. REV. 1025 (1998). Earlier pieces questioning the enforceability of contractual attempts to expand the scope of copyright include Mark A. Lemley, *Intellectual Property and Shrinkwrap Licenses*, 68 S. CAL. L. REV. 1239 (1995) (supportive of the trial court's analysis in *ProCD*); Ramona L. Paetzold, Comment, *Contracts Enlarging a Copyright Owner's Rights: A Framework for Determining Unenforceability*, 68 NEB. L. REV. 816 (1989); David A. Rice, *Public Goods, Private Contract and Public Policy: Federal Preemption of Software License Prohibitions Against Reverse Engineering*, 53 U. PITT. L. REV. 543 (1992).

[29] *See, e.g.*, Tom W. Bell, *Fair Use vs. Fared Use: The Impact of Automated Rights Management on Copyright's Fair Use Doctrine*, 76 N. C. L. REV. 557 (1998); Kenneth W. Dam, *Self-Help in the Digital Jungle*, 28 J. LEG. STUD. 393 (1999); Raymond T. Nimmer, *Breaking Barriers: The Relation Between Contract and Intellectual Property Law*, 13 BERKELEY TECH. L.J. 827 (1998); Maureen A. O'Rourke, *Drawing the Boundary Between Copyright and Contract: Copyright Preemption of Software License Terms*, 45 DUKE L.J. 479 (1995).

[30] Pub. L. No. 105-304, 112 Stat. 2860 (1998).

[31] 17 U.S.C. § 1201(a)(1)(A) (Supp. IV 1998).

[32] 17 U.S.C. §§ 1201(a)(2) and 1201(b)(1) (Supp. IV 1998). Although the ban on circumvention is applicable only to access controls, circumvention of copy-protection controls is effectively restricted by the ban on devices sold for that purpose. Enterprising owners can also attempt to bring most acts of circumvention within the access control provision by requiring users to re-access the work for every use. *See* Jane C. Ginsburg, *Copyright Legislation for the "Digital Millennium,"* 23 COLUM.-VLA J.L. & ARTS 137, 140-43 (1999).

ship. An obvious source of constraint is the express assertion of federal preemption in § 301 of the Copyright Act.[33] That section preempts rights under state law "equivalent to any of the exclusive rights" of copyright in works "within the subject matter of copyright." Some have argued that the latter criteria means things protected by copyright, which in light of the Copyright Act's exclusion of ideas, facts, inseparable design features of useful articles, and other sundry matter, would leave a lot to the states.[34] But the subject matter of the Copyright Act is as much what Congress has assigned to the public domain as what it has protected, and recent cases, including *ProCD*, have adopted a more inclusive interpretation of the subject matter test.[35] The difficulty in relying on § 301 to constrain contract-based rights lies in its reference to rights "equivalent" to the exclusive rights of copyright. There is first a problem of congressional intent. In explaining that § 301 does not preempt state protection that is different in kind from copyright, the authoritative House Report that accompanied the 1976 Copyright Act says flatly, "Nothing in the bill derogates from the rights of parties to contract with each other and to sue for breaches of contract."[36] Judge Easterbrook in *ProCD* broadly held that since they affect only the parties, contracts do not create exclusive rights equivalent to copyright.[37] True, an electronic agreement that governs access and use for every user looks more like an exclusive right than traditional bilateral license, but there is no indication that Congress intended § 301 to preempt contract rights in any circumstance. Section 301 was aimed at state-created rights, not private agreements. It is also too broad for the purpose since it offers little basis on which to distinguish acceptable from unacceptable contract terms. Retreat to the equivalency test leaves contract rights that add dramatically to the scope of copyright protection less vulnerable

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[33] 17 U.S.C. § 301 (1994 & Supp. IV 1998).

[34] *See, e.g.*, Bromhall v. Rorvik, 478 F. Supp. 361 (E.D. Pa. 1979) (holding that state protection for ideas is not preempted); H_2O Swimwear, Ltd. v. Lomas, 560 N.Y.S.2d 19 (N.Y. App. Div. 1990) (protection for inseparable features of clothing design not preempted); Paul Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A. L. REV. 1107, 1118-20 (1977).

[35] *See, e.g.*, National Basketball Ass'n v. Motorola, Inc., 105 F.3d 841 (2d Cir. 1997) (§ 301 covers uncopyrightable as well as copyrightable elements); United States *ex rel* Berge v. Board of Trustees of the Univ. of Ala., 104 F.3d 1453 (4th Cir.) (ideas are statutory subject matter), *cert. denied*, 522 U.S. 916 (1997); ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996) (facts are statutory subject matter).

[36] H.R. REP. No. 94-1476, at 132 (1976).

[37] 86 F.3d 1447 at 1454.

to preemption than those that track the traditional rights of a copyright owner.[38]

Section 301 does not mark the full preemptive scope of federal copyright law. If a state legislature passes a statute forbidding its citizens from owning a copyright, the statute is surely preempted, not by the terms of § 301, but because it "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress,"[39] and hence is void under the supremacy clause. Focusing as it does on the relationship between the state action and the policies and objectives of federal law,[40] preemption analysis under the supremacy clause offers an escape from the constricted language of § 301. It seems a good vehicle for raising the claim that state-enforced contracts may sometimes impermissibly disrupt the balance embodied in federal copyright law.[41] There are, however, some bumps along the road. It is not at all clear that courts will treat private agreements backed by state contract law as the equivalent of more direct state action like statutes or common law rules.[42] In addition, only rarely can we determine with any confidence whether a particular contractual provision conflicts with congressional copyrighted work policy. If a contract licensing the use of a copyrighted work specifies that the licensor will not exercise her right under § 203[43] to terminate the license after thirty-five years, the provision seems clearly unenforceable in light of the express rule in § 203(a)(5) that termination may be effected notwithstanding any agreement to the contrary. But in most cases there is no accepted basis for determining whether a rule of copyright law is meant to be *the* rule or only a default position subject to private agreement. Resort to policies attributed to a congressionally-mandated balance between private rights and public access seems too uncertain and contentious to serve as a stable basis for constitutional analysis.

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[38] *Compare* National Car Rental Sys., Inc. v. Computer Associates Int'l, Inc., 991 F.2d 426 (8th Cir.), *cert. denied*, 510 U.S. 861 (1993) *with* Wrench LLC v. Taco Bell Corp., 51 F. Supp.2d 840 (W.D. Mich. 1999) *and* American Movie Classics Co. v. Turner Entertainment Co., 922 F. Supp. 926 (S.D.N.Y. 1996), *disagreed with in* Architectronics, Inc. v. Control Sys., Inc., 935 F. Supp. 425 (S.D.N.Y. 1996).

[39] Hines v. Davidowitz, 312 U.S. 52, 67 (1941).

[40] *See, e.g.*, Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989); Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974).

[41] *See, e.g.*, Karjala, *supra* note 28.

[42] There are indications that those advocating the constitutional preemption of private agreements will have tough going. *See* Aronson v. Quick Point Pencil Co., 440 U.S. 257 (1979) (upholding enforcement of a trade secret license even after the information had entered the public domain); Nimmer, *supra* note 29.

[43] 17 U.S.C. § 203 (1994 & Supp. IV 1998).

Contract law doctrines have also been proposed as a means to temper the scope of rights created through private agreements. Rules of offer and acceptance might be manipulated to make it difficult to bind users of digital works. But on the broader stage, rules for electronic commerce will surely become well-settled in the not-distant future, and whatever those rules are, purveyors of intellectual property will quickly learn to conform. Rules denying enforcement to unconscionable terms or contracts have also been suggested.[44] Courts have generally taken unconscionability to mean an absence of meaningful choice on the part of one party resulting in terms unreasonably favorable to the other party.[45] To the extent that the absence of meaningful choice arises from asymmetries of information about the content of the agreement, the doctrine is not useful in policing contracts with standard terms known to most users. But a gross inequality of bargaining power can also negate the meaningfulness of a party's assent.[46] Even then, however, a result favorable to the weaker party requires a determination that the terms unreasonably favor the stronger party. One problem with relying on unconscionability to play a serious role in intellectual property law is that, given the strength of the interests in freedom and security of contract, the doctrine is rarely successful beyond student answers on law school examinations. In addition, since the doctrine is directed at unfair oppression, the focus is principally on the interests of the parties to the agreement and only secondarily on broader societal concerns. Although the latter remain relevant to unconscionability,[47] when they become the primary focus, the doctrine merges with a more directly relevant principle — unenforceability on grounds of public policy.[48]

The common law recognizes the power of a court to refuse enforcement to contractual terms on the ground that enforcement would be against public policy. The standard formulation calls for balancing the traditional interests favoring enforcement of promises with the strength of the public policy against enforcement of the particular term, but always with the admonition that enforcement should be denied only if the latter

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[44] *See, e.g.*, Lemley, *Intellectual Property and Shrinkwrap Licenses*, *supra* note 28, at 1254.

[45] *See, e.g.*, Williams v. Walker-Thomas Furniture Co., 350 F.2d 445, 449 (D.C. Cir. 1965); Uniform Commercial Code § 2-302, Comment 1 ("The principle is one of the prevention of oppression and unfair surprise . . . .").

[46] *Williams*, 350 F.2d at 449; RESTATEMENT (SECOND) CONTRACTS § 208, Comment d (1979).

[47] *See, e.g.*, Uniform Commercial Code § 2-302(2) (evidence of "commercial setting, purpose and effect" is admissible).

[48] Unconscionability "overlaps with rules which render particular bargains or terms unenforceable on grounds of public policy." RESTATEMENT (SECOND) CONTRACTS § 208, Comment a (1979).

clearly outweighs the former.[49] The public policy calling enforcement into question can be derived from legislation,[50] presumably including federal as well as state statutes.[51] However, given the canonical reluctance to deny enforcement, vague, indeterminate, or disputed policies are unlikely to tip the balance. Many of the policies ascribed to federal copyright law are likely to prove too tenuous to engage the machinery of the public policy doctrine. If effective at all, public policy arguments directed at intellectual property contracts are more likely to influence the resolution of interpretative disputes, pushing the court toward a meaning that best serves some asserted public interest.[52] Such haphazard intervention, resting as it does on fortuitous choices of contractual language, is not likely to provide a stable barrier against an expansion of intellectual property rights. Success in invoking a public policy exception to contract enforcement ultimately depends — as do all of the suggested grounds for judicial intervention — on the content and strength of federal copyright policy.[53]

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[49] RESTATEMENT (SECOND) CONTRACTS § 178 (1979) (interest in enforcement must be "clearly outweighed" by the public policy against enforcement).

[50] *Id.* § 179.

[51] *See* Lemley, *Beyond Preemption: The Law and Policy of Intellectual Property Licensing, supra* note 28, at 161-63.

[52] *See* RESTATEMENT (SECOND) CONTRACTS § 207 (1979).

[53] A more nuanced, statutorily-based power to invalidate certain terms in contracts relating to digital forms of intellectual property is proposed in Jerome H. Reichman & Jonathan A. Franklin, *Privately Legislated Intellectual Property Rights: Reconciling Freedom of Contract with Public Good Uses of Information*, 147 U. PENN. L. REV. 875 (1999), but it too takes its substantive cue from "the existing balance of intellectual property laws." *Id.* at 937. *See also* Uniform Computer Information Transactions Act § 105(b) (1999), authorizing a court to refuse enforcement if a contract term "violates a fundamental public policy" to the extent that the interest in enforcement "is clearly outweighed" by the public policy against enforcement.

Another doctrine sometimes appearing in the litany of potential constraints on contract-based intellectual property rights is copyright misuse. *See, e.g.*, Lemley, *Beyond Preemption: The Law and Policy of Intellectual Property Licensing, supra* note 28, at 151-58. Even the most liberal interpretations of the doctrine reach only conduct that seeks to expand the scope of the copyright monopoly beyond the intent of federal law. *See, e.g.*, Alcatel USA, Inc. v. DGI Technologies, Inc., 166 F.3d 772 (5th Cir. 1999). The content of federal intellectual property policy is thus no less crucial here than in preemption or public policy analysis. The misuse doctrine might play an increasing role, however, as a junior partner to antitrust in insuring competition among sellers in the digital marketplace. *Cf.* Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970 (4th Cir. 1990) (provision in copyright licensing agreements prohibiting the creation of competing works constituted copyright misuse).

PROGNOSIS

Debate over the implications of the movement toward a contract-based regime for works of authorship will continue amid conflicting assertions about the relative efficiencies of property rights and legislative regulation in managing the production and consumption of public goods.[54] Those seeking to preserve some version of the status quo through judicial intervention cannot prevail, however, by arguing the merits of alternative policies. Judicial restraints on contract-based rights under any of the proposed theories turn not on the policies that we ought to adopt, but on the policies that Congress has in fact adopted and whether those policies are endangered by the enforcement of particular contracts or terms. To what federal policy can the defenders of copyright appeal? The natural choice is the substantive balance between protection and access embodied in the original 1976 Copyright Act — rules like fair use, the first sale doctrine, and the circumscribed scope of protectable subject matter as specified in § 102(b). But federal copyright policy was not frozen with the enactment of the 1976 Copyright Act. The Digital Millennium Copyright Act[55] is as much federal copyright policy as is fair use, and it does not reflect any nice balance between protection and access. The policy of the DMCA is to make the world safe for digital commerce in works of authorship — to create "the legal platform for launching the global digital on-line marketplace for copyrighted works."[56] By trying to insure that works of authorship will not leak out of their electronic containers, the DMCA gives owners the chance to regulate access and use through contract. Private agreements that determine the terms and conditions of use do not threaten federal copyright policy — they *are* federal copyright policy. Judicial oversight is not only unnecessary to safeguard federal policy, it itself threatens the laissez faire regime implemented by Congress.

The commitment to a policy of freedom of contract runs throughout the DMCA. The impetus for the Act was the implementation of the World Intellectual Property Organization's Copyright Treaty and Performances and Phonograms Treaty. Implementation, however, required only a modest prohibition against acts of circumvention that infringe an owner's exclusive rights under copyright.[57] A prohibition along those lines would have preserved the existing copyright balance. Instead, Congress aban-

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[54] *Compare, e.g.*, Bell, *supra* note 29, *and* Dam, *supra* note 29, *with* Julie E. Cohen, *Lochner in Cyberspace: The New Economic Orthodoxy of "Rights Management,"* 97 MICH. L. REV. 462 (1998).

[55] Pub. L. No. 105-304, 112 Stat. 2860 (1998).

[56] S. REP. No. 105-190, at 17 (1998).

[57] *See, e.g.*, Cohen, *supra* note 28; Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to be Revised*, 14 BERKELEY TECH. L.J. 519 (1999).

doned the copyright model, prohibiting all circumvention of access controls without regard to copyright infringement,[58] backing up the prohibition with a ban on the manufacture or sale of devices primarily designed for that purpose.[59] There is also a separate ban on devices primarily designed to circumvent controls protecting an owner's reproduction or other exclusive rights. Even after legitimate access users are thus unlikely to be technologically capable of making fair or otherwise noninfringing use over the owner's objection.[60] The DMCA recognizes no general right of fair use. Its chief concession to users is a rulemaking proceeding that permits the Librarian of Congress to exempt particular classes of works from the anti-circumvention ban if the ability to make noninfringing use is adversely effected.[61] Since a generous interpretation of this standard would eliminate the circumvention ban for virtually all works, we can anticipate a narrow construction that will leave much of traditional fair use in jeopardy (and even any limited exemptions will not apply to the anti-device prohibition).[62] Of the handful of exemptions that the DMCA itself offers, only a few — chiefly the library and reverse engineering exemptions[63] — are motivated by traditional access concerns, and they fall short of conventional understandings of fair use. The policy pursued by Congress in the DMCA does not rest on enforcing legislatively-circumscribed rights in works of authorship. It is an attempt to inaugurate an unrestrained free market in digital works. Owners who take full advantage of that opportunity are fulfilling, not undermining, federal policy.

One line of attack remains open regardless of congressional intent. Does the contract-based regime initiated by the DMCA transgress consti-

58 17 U.S.C. § 1201(a)(1)(A) (Supp. IV 1998).

59 17 U.S.C. § 1201(a)(2) (Supp. IV 1998).

60 17 U.S.C. § 1201(b)(1) (Supp. IV 1998). The ban on circumvention devices effectively reverses the former understanding that devices with substantial noninfringing uses should not be suppressed. *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

61 17 U.S.C. § 1201(a)(1) (Supp. IV 1998).

62 The DMCA does include an affirmation in § 1201(c)(1) that "Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title." 17 U.S.C. § 1201(c)(1) (Supp. IV 1998). Literally, this merely preserves fair use as a defense to copyright infringements actionable under § 501. 17 U.S.C. § 501 (1994). Violations of the anti-circumvention and anti-device prohibitions of the DMCA, however, do not constitute copyright infringement; they are independently actionable under §§ 1203-04, 17 U.S.C. §§ 1203-04 (Supp. IV 1998), and are thus unaffected by the savings provision in § 1201(c)(1). "This provision is intended to ensure that none of the provisions in section 1201 affect the existing legal regime established in the Copyright Act and case law interpreting that statute." H.R. REP. NO. 105-551, at 53 (1998).

63 17 U.S.C. §§ 1201(d),(f) (Supp. IV 1998).

tutional limits on federal power over intellectual property? Constitutional arguments have been strikingly unsuccessful in limiting federal protection for works of authorship. First Amendment defenses have been consistently rejected, usually on the grounds that free speech interests are adequately protected by the fair use doctrine and the uncopyrightability of ideas.[64] Perhaps that balance has now been altered by the DMCA and its blanket ban on circumvention and devices,[65] but history gives challengers little reason for optimism. Past appeals to the promotion of progress rationale explicit in the patent and copyright clause and the limited times constraint on protection have also been fruitless.[66] Indeed, the limits of federal power under the patent and copyright clause may grow increasingly irrelevant in light of the apparent willingness to permit protection of intellectual property under the commence clause.[67]

POST MORTEM

Why have we moved so far and so fast from the traditional model of copyright with its careful trade-off of incentive and access? Part of the answer surely lies in the current emphasis on global markets. The United States is the largest exporter of intellectual property, and at least since the 1980s, copyright law has been inextricably linked to foreign trade.[68] Pro-

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[64] *See, e.g.*, Harper & Row Publ'g, Inc. v. Nation Enters., 471 U.S. 539, 555-60 (1985); Robert C. Denicola, *Copyright and Free Speech: Constitutional Limitations on the Protection of Free Expression*, 67 CAL. L. REV. 283 (1979).

[65] *See* Yochai Benkler, *Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain*, 74 N.Y.U. L. REV. 354 (1999).

[66] Both grounds have been raised against the recent extension of the copyright term in the Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998). Both were rejected in the opening round of litigation. *See* Eldred v. Reno, 74 F. Supp. 2d 1 (D.D.C. 1999).

[67] *See* United States v. Moghadam, 175 F.3d 1269, 1280 (11th Cir. 1999), *cert. denied*, 120 S.Ct. 1529 (2000), upholding federal protection for live performances, noting "that the Copyright Clause does not envision that Congress is positively forbidden from extending copyright-like protection under other constitutional clauses, such as the Commerce Clause, to works of authorship that may not meet the fixation requirement inherent in the term 'Writings'." The Copyright Office reached an analogous result in concluding that federal protection for databases could be sustained under the commerce clause. U.S. COPYRIGHT OFFICE, REPORT ON LEGAL PROTECTION FOR DATABASES 108 (1997).

[68] After more than a century as an outsider, the pressures of international trade prompted the United States to join the Berne Convention in 1988. "[T]he relationship of Berne adherence to promotion of U.S. trade is clear. American popular culture and information products have become precious export commodities of immense economic value. That value is badly eroded by low international copyright standards." H.R. REP. NO. 100-609, at 19 (1988).

moting strong protection abroad is simply good business, and strong protection at home is a necessary prerequisite to success. The lavish excesses of the DMCA are part of an attempt to boost international standards of protection,[69] all with a careful eye on the bottom line.[70] An instrumentalist view of copyright yields quite different results when the target shifts from maximizing the public benefits of dissemination to maximizing private returns from foreign markets.[71]

The contours of federal copyright policy also reflect a more subtle shift. Copyright law has been a largely bipartisan endeavor, but it is not immune from the dominant political philosophy of the day. The Republican ascendancy in Congress brought renewed commitment to private property and free markets and a corresponding suspicion of government regulation.[72] For copyright, the result has been an accelerating shift from the utilitarian calculus of incentive and access that has dominated American copyright law for two centuries toward a free market in property rights rooted in the natural entitlement of creators.

The transformation of copyright law is starkly evident in the contrasting philosophies of former Democratic Representative Robert Kastenmeier, who as long-time chair of the House subcommittee with

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[69] *See, e.g.,* Samuelson, *supra* note 57, at 537.

[70] "The copyright industries are one of America's largest and fastest growing economic assets." S. REP. NO. 105-190, at 21 (1998).

[71] The increased financial and hence political importance of the copyright industries no doubt has also influenced recent developments. *See* William Patry, *The Failure of the American Copyright System: Protecting the Idle Rich*, 72 NOTRE DAME L. REV. 907 (1997). The combination of global trade concerns and political power produced the recent twenty-year extension of the copyright term. *See* Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998). The unusual process of private negotiation that now dominates the making of federal intellectual property law also contributes to outcomes favorable to owners and results in a preference for rules over standards that diminishes the moderating influence of the judiciary. *See* Robert C. Denicola, *Freedom to Copy*, 108 YALE L.J. 1661, 1684-86 (1999).

[72] Writing in the pre-Reagan era, Professor Kaplan could still foresee a direct role for government in a post-copyright world:

> Unless, indeed, the systems are set up by government direct, government will probably intervene to establish fair standards for admission of works into the systems, for giving potential users access to the systems, for figuring rates, for making distributions to copyright owners. But under conditions of extensive government concern with the operations of the systems, which will have become supremely facile and widely encompassing of the transmission of intelligence, it may appear sensible to displace copyright and substitute other, perhaps more direct, encouragements to original production.

Kaplan, *supra* note 13, at 122.

jurisdiction over intellectual property was primarily responsible for the 1976 Copyright Act, and Republican Senator Orrin Hatch, Chair of the Senate Judiciary Committee and the chief proponent of the DMCA. Senator Hatch succinctly captured current thinking: "The first principle of a contemporary copyright philosophy should be that copyright is a property right that ought to be respected as any other property right."[73] Representative Kastenmeier adhered to a more traditional view: "[T]he primary objective of the intellectual property laws is not to reward the author or inventor, but rather to secure for the public the benefits derived from the labors of authors and inventors."[74] Senator Hatch is explicit about the influence of natural rights. "In fact, it is possible to effectively collapse utilitarian and natural theories of property: it will bring the greatest good to the greatest number if property rights are honored more or less absolutely."[75] Kastenmeier would not necessarily agree. "The argument that a particular interest group will make more money and therefore be more creative does not satisfy . . . the constitutional requirement of the intellectual property clause."[76] The natural law orientation predictably yields for Senator Hatch "a default policy favoring strong copyright protection to the extent that it does not impede creativity or the wide dissemination of works";[77] Kastenmeier had a different starting point: "At the outset, the proponents of change should have the burden of showing that a meritorious public purpose is served by the proposed congressional action."[78]

Judges at least retain the power to insure through antitrust law — and maybe through a more vigorous copyright misuse doctrine — that the new market for works of authorship is competitive. Perhaps the forces of competition will drive contract-based protection toward something resembling the historical scope of copyright.[79] Technological protection also has internal limits; electronic containers sealed too tightly generate inconvenience and problems even for authorized users. Yet how much of the old,

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[73] Orrin G. Hatch, *Toward a Principled Approach to Copyright Legislation at the Turn of the Millennium*, 59 U. PITT. L. REV. 719, 721 (1998).

[74] Robert W. Kastenmeier & Michael J. Remington, *The Semiconductor Chip Protection Act of 1984: A Swamp or Firm Ground?*, 70 MINN. L. REV. 417, 422 (1985).

[75] Hatch, *supra* note 73, at 723.

[76] Kastenmeier & Remington, *supra* note 74, at 441.

[77] Hatch, *supra* note 73, at 728. Republican Representative Howard Coble, Chair of the House Subcommittee on Courts and Intellectual Property, takes a similar view. "[M]y overriding policy concern as Chairman has been to protect and enhance American intellectual property interests." Howard Coble, *The 105th Congress: Recent Developments in Intellectual Property Law*, 22 COLUM.-VLA J.L. & ARTS 269, 271 (1998) (Spring 1998 Horace S. Manges Lecture).

[78] Kastenmeier & Remington, *supra* note 74, at 440.

[79] *See* Dam, *supra* note 29.

legislatively-defined copyright will remain relevant in the new Millennium? Copyright law may be mostly dead in the wake of the DMCA, but "mostly dead is slightly alive."[80] Traditional copyright will no doubt remain as a convenient if redundant alternative to breach of contract. Copyright law will also be necessary for works that leak out of their containers and are accessible without a contract. We may also need a traditional-looking copyright law to pursue stronger protection abroad.

Copyright law might survive in a more robust form if the public ultimately demands that Congress reassert its authority to oversee the public interest. Ordinary citizens generally think little about copyright, and for the most part the contours of the law have been set by the copyright industries and a few large users. That may change as technology brings more and more works directly into our homes. Audio, visual, and information works spill out of our computers, and satellites are beaming programming of all sorts into our backyards. People are increasingly conscious of the power of technology to deliver data and entertainment, and they may grow frustrated at technological impediments to its use and enjoyment. A survey by the Office of Technology Assessment once found that more than 7 in 10 people believe that copying personal possessions — including programming reaching their own home — is acceptable.[81] Pressure may build on Congress to reevaluate the public interest.[82] The law is fooling with people's VCRs,[83] and who knows what that will bring!

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[80] Billy Crystal as Miracle Max in *The Princess Bride*.

[81] OFFICE OF TECHNOLOGY ASSESSMENT, INTELLECTUAL PROPERTY RIGHTS IN AN AGE OF ELECTRONICS AND INFORMATION 209 (1987).

[82] When broadcasters got an injunction against satellite delivery of their programming to two million viewers in areas that did not qualify as "unserved households" under the compulsory license in 17 U.S.C. § 119 (1994 & Supp. IV 1998), "Senators expressed much angst about being forced to choose between protecting satellite-TV consumers and upholding the rights of broadcasters . . . ." 57 PAT., TRADEMARK & COPYRIGHT J. (BNA) 380, 381 (March 11, 1999). The consumers won. *See* 59 PAT., TRADEMARK & COPYRIGHT J. (BNA) 146, 147 (Nov. 25, 1999).

[83] *See* 17 U.S.C. § 1201(k) (Supp. IV 1998), requiring future video cassette recorders to incorporate new anticopying technology.

COPYRIGHT HISTORY AND THE FUTURE: WHAT'S CULTURE GOT TO DO WITH IT?

by PAUL EDWARD GELLER*

Civilization, as a whole, moves on; culture comes and goes.[1]

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[1] Edward Sapir, *Culture, Genuine and Spurious*, *in* SELECTED WRITINGS IN LANGUAGE, CULTURE, AND PERSONALITY 308, 317 (David G. Mandelbaum ed., 1985).

We become Janus-faced at the turn of every century and, more so, at the turn of each millennium. Facing both backward and forward, we are tempted to interpret history to anticipate or to influence the future. This temptation is now strong in the field of copyright where rapid media changes seem to be compounding uncertainties.

For this very reason, it would be foolhardy to indulge in prophecy. Rather this Article, written as the third millennium opens, seeks to prompt thought about future copyright lawmaking. Its first part will draw some working hypotheses about copyright functions from a selective overview of history. In the light of these hypotheses, its second part will frame a few issues for the near future of copyright. Its third part will ask how, in resolving these issues, to achieve copyright aims.

I. HYPOTHESES FROM HISTORY

A pair of seminal enactments punctuate copyright history: the Statute of Anne in 1710 and the Berne Convention in 1886. We shall then survey the following three phases: pre-copyright regimes up to 1710; the classic copyright regime through 1886; and the global copyright regime to the present. How do we propose to cover so much time in so few pages? By flying high over a wealth of subtle cultural trends, noting only a few of these in passing, and by following the grand lines of media and market trends.

A. Pre-Copyright: The Risk Threshold

Let us start by reaching back millennia before our modern era. We propose to compare and contrast overall functions of pre-copyright regimes with functions that became critical only as copyright later emerged. This overview of history will prompt the following initial hypothesis: *Only when media technology and market conditions made piracy profitable could copyright arise.* However, once that risk threshold was reached, initial legal responses were state-enforced monopoly and censorship schemes, not yet copyright. One function, but not the only function, which the law tried to fulfill at this threshold was protection against piracy.

1. From Oral to Literate Culture

It is tempting to trace continuous progress from early analogs to copyright law through to its present form. However, the notion of "progress" does not apply easily to cultural creativity that forms the conventionally cited object of copyright protection.[2] Indeed, from the mists of time, human cultures have been proliferating and interacting with such exuberance, and in such a wealth of heterogeneous forms, that it seems arbitrary

[2] For critical analysis, see *infra* text accompanying notes 252-77.

to order them into any linear progression.[3] Within the variety of cultural forms that have appeared, however, it is nonetheless possible to bring some provisional order by imposing the distinction between oral and literate cultures.[4]

In oral cultures, bards and musicians improvise in live performances,[5] and artisans recraft models in making everything from everyday utensils to ritual objects.[6] Oral law, including property-like notions, can vary flexibly in response to an open-ended range of social variables; by contrast, writing tends to crystallize law in categorical terms.[7] It is therefore misleading to analogize between, on the one hand, open-textured law that controls the transmission of culture in oral communities and, on the other, specialized regimes of intellectual property in literate societies.[8] Furthermore, creators retain mastery over what they input into oral cultures on the spot: bards and musicians capture audiences with their performances in inimitable, often charismatic styles; artisans fashion artifacts that their special skills often invest with magical effects.[9] Creators can keep such know-how secret to maintain their status, while law and custom guide how textual

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[3] For this position, see CLAUDE LÉVI-STRAUSS, RACE AND HISTORY (1952).

[4] For further analysis, *see* HAROLD A. INNIS, EMPIRE AND COMMUNICATIONS (David Godfry ed., Press Porcépic 1986) (1950); JACK GOODY, THE LOGIC OF WRITING AND THE ORGANIZATION OF SOCIETY (1986).

[5] *See, e.g.*, ERIC A. HAVELOCK, PREFACE TO PLATO 93-94 (1963) (distinguishing oral improvisation in pre-Classic Greece and in later peasant societies).

[6] *See, e.g.*, ALFRED GELL, ART AND AGENCY: AN ANTHROPOLOGICAL THEORY 219 (1998) ("Marquesan style is only the sedimented product of an infinite number of tiny social initiatives taken by Marquesan artists over a long period of historical development.").

[7] *See generally* KATHERINE S. NEWMAN, LAW AND ECONOMIC ORGANIZATION: A COMPARATIVE STUDY OF PREINDUSTRIAL SOCIETIES, esp. 205-06 (1983) (analyzing property-like notions in largely oral cultures); GOODY, *supra* note 4, ch. 4 (distinguishing how oral and written laws develop).

[8] *See generally* Peter Sutton, *Dreamings*, *in* DREAMINGS: THE ART OF ABORIGINAL AUSTRALIA 13, 22 (Peter Sutton ed., 1988); Eric Michaels, *Aboriginal Content: Who's Got It? Who Needs It?*, *in* BAD ABORIGINAL ART: TRADITION, MEDIA, AND TECHNOLOGICAL HORIZONS 21, 31-32 (1994) (both touching on variables, such as status, knowledge, kinship, locality, etc., that bear on complex Aboriginal law on point). *See, e.g.*, Bulun Bulun v. R. & T. Textiles Pty. Ltd., 41 I.P.R. 513 (1998) (Federal Court, Australia) (while finding analogs in Aboriginal law to copyright, declining to enforce those analogs by recourse to Australian copyright law, but rather fashioning remedies for them by reference to principles of equity).

[9] *See, e.g.*, John von Sturmer, *Aboriginal Singing and Notions of Power*, *in* SONGS OF ABORIGINAL AUSTRALIA 63 (Margaret Clunies Ross et al., eds., 1987) (explaining how bards control tribal songs by specialization, allowing them to vary and accentuate the charismatic impact of performances); Alfred Gell, *The Technology of Enchantment and the Enchantment of Technology*, *in* ANTHROPOLOGY, ART, AND AESTHETICS 40 (Jeremy Coote &

forms and artistic techniques are passed on through kinship or like groups.[10]

Another example, closer to home, should disabuse us of the illusion of linear progress toward copyright.[11] The Classical Greeks, foreshadowing most Occidental ideas, did conceive of intellectual property, but only exceptionally. Among the myriad Greek city-states, only one left us with a recorded instance of a law clearly instituting such property.[12] The Greek city-states went through the transition from oral to literate culture in the middle of the first millennium before our era.[13] During this time, rhapsodes and authors recited texts to public gatherings, and only gradually did writings begin to be available to private parties.[14] In this intensely creative period, rather than rely on property notions to promote culture, city-states like Athens typically sponsored the visual arts and drama. For example, city-states organized contests at religious festivals, at which new

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Anthony Shelton eds., 1992) (how artisans control tribal art as technical virtuosos instilling artifacts with magical influences).

10 *See, e.g.*, Peter Sutton, *Mystery and Change*, *in* SONGS OF ABORIGINAL AUSTRALIA, *supra* note 9, at 77 (exploring who is entitled to sing songs); HOWARD MORPHY, ABORIGINAL ART 158 (1998) (how artistic forms are transmitted "on the basis of kinship and ritual links"); ROBERT BRAIN, ART AND SOCIETY IN AFRICA 262-67 (1980) (how artistic know-how in Africa is passed on through kinship, corporate, and other groups); JUDITH PERANI & NORMA H. WOLFF, CLOTH, DRESS AND ART PATRONAGE IN AFRICA, ch. 3 (1999) (how artists are supported).

11 As an example of this illusion, consider what some consider to be "history's first copyright case." The monk Columba, in the middle of the first millennium of this era, reportedly transcribed the abbot Finnian's manuscript of the Psalms, only to have the Celtic King Diarmait rule: "To every cow her calf; to every book its copy." But this report only appeared in uncorroborated sources compiled a millennium later, and the legal bases of the decision are at best susceptible of only speculative reconstruction. *See* J.A.L. STERLING, WORLD COPYRIGHT LAW 1027-28 (1998). Indeed, most reports of old Irish law have been largely filtered through Christian sources, whose perspective was not sympathetic to preexisting, pagan Celtic culture. *See* D.A. Binchey, *Introductory Matter*, *in* CORPUS IURIS HIBERNICI, ix-xii (1978).

12 *See* 5 ATHENAEUS, THE DEIPNOSOPHISTS 349 (Charles Burton Gulick trans., Loeb Classics 1963) (recounting that the Sybarites, in Magna Graecia, accorded cooks a statutory monopoly, limited in time, in their new dishes). *Cf.* Mario Fabiani, *Diritto di autore gastronomico*, 58 DIRITTO DI AUTORE 116 (1987) (explaining that such protection could conceivably apply, in patent-like fashion, to the actual technique of preparing a dish or, in copyright-like fashion, to the text of a recipe or, arguably, to the resulting taste: the "proof of the pudding").

13 *See* INNIS, *supra* note 4, at 59-61, 78-81; HAVELOCK, *supra* note 5, at 291-94.

14 *See* FREDERIC G. KENYON, BOOKS AND READERS IN ANCIENT GREECE AND ROME 8-26 (2d ed. 1951).

dramatic pieces were performed and winning authors honored.[15] Once premiered, these texts were freely performed again and again throughout Classical Greco-Roman times.[16]

2. *The Roman and Chinese Book Trades*

Of course, each Greek city-state constituted a relatively compact society.[17] What about territorially far-flung and culturally pluralistic societies comparable to our own? A pair of striking examples come to mind, both with significant book trades: imperial Rome and imperial China.[18] Many commentators have attempted to explain the absence of copyright law in the one society or the other by referring to rather amorphous, cultural biases.[19] No doubt, such explanations shed light on some of the diverse and kaleidoscopically changing factors that can account for historical trends. Without discounting such factors, our focus will veer toward related media and market trends.[20]

At the start of the first millennium of this era, there was a flourishing book trade in the Roman Empire.[21] In workshops, literate slaves, expensive to buy and maintain, transcribed texts onto papyrus sheets and collated and corrected the written sheets. Other slaves assembled these sheets into scrolls and books that were marketed by publishers in Rome and by corresponding bookshops around the Mediterranean. Legal doctrine became increasingly sophisticated in the Roman Empire, so that no great theoretical obstacles would have stopped the Romans from instituting copyright-like entitlements to protect the return on investments that publishers made in introducing works into the book trade.[22] The practical

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15 *See* H.C. BALDRY, THE GREEK TRAGIC THEATRE, ch. 4 *passim* (1971).

16 *See id.* at 131-32.

17 *Id.* at 15.

18 These empires have the advantage for us of having been relatively isolated from each other, so that the issue of mutual influence is largely mooted. *See* 1 JOSEPH NEEDHAM, SCIENCE AND CIVILISATION IN CHINA, ch. 7 (1954).

19 *See, e.g.*, WALTER BAPPERT, WEGE ZUM URHEBERRECHT 26-39 *passim* (1962) (positing that the classic Greeks and Romans, with pagan theories of inspiration by the muses, could not conceive of rights based on individual authorship); WILLIAM ALFORD, TO STEAL A BOOK IS AN ELEGANT OFFENSE: INTELLECTUAL PROPERTY LAW IN CHINESE CIVILIZATION, ch. 2 (1995) (invoking the classic Chinese practice of copying old masters, coupled with the use of law for censorship purposes, to explain the absence of copyright even after the Chinese invented the printing press).

20 For methodological options, see RAYMOND WILLIAMS, THE SOCIOLOGY OF CULTURE, esp. ch. 1 (Univ. of Chicago Press, 1991) (1981).

21 *See* MARIE-CLAUDE DOCK, ÉTUDE SUR LE DROIT D'AUTEUR, 12-15 (1963); BAPPERT, *supra* note 19, at 48-50.

22 *Compare* DOCK, *supra* note 21, at 12-15 (seeing no such obstacle to extending Roman property notions to intangibles such as texts), *with* BAPPERT, *supra*

reason they did not, it is submitted, was that any pirate would have had to pay as much as other publishers to buy and maintain skilled slaves to recopy texts marketed in this trade. Thus pirates were discouraged, among other reasons, because they could not obtain the high returns on low investments that better copying media would allow, as we see in our next example.[23]

The Chinese invented paper during the first millennium of this era and the printing press toward the end of that millennium.[24] With these inventions, copying was made easier and cheaper in China, and imperial authorities did respond by prohibiting and policing the copying of specific works. Private parties also asserted claims to stop such copying by registering works with imperial authorities and marking their claims on copies that they made.[25] In China, these measures were arguably reinforced by a complicity between imperial authorities, seeking to censor publishing, and printers and booksellers, seeking to reinforce market positions.[26] It would lead us far afield, however, to try to understand the functions which these measures might have served in the complex Chinese cultural and economic circumstances that evolved over the last millennium.[27] In any event, these schemes foreshadowed those with which sixteenth-century Europe began to respond to the advent of printing, albeit in different market conditions.[28] Let us then move forward to this juncture in history.

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note 19, at 46-47 (doubting that Roman legal doctrine could admit economic worth in an intangible). *See also supra* text accompanying note 12 (pointing out that one Greek city-state in Italy had already experimented with legislating intellectual property in culinary dishes).

[23] *Cf.* BAPPERT, *supra* note 19, at 48-49 (also giving other reasons why so few of the same texts were manufactured and marketed by different Roman publishers).

[24] *See* LUCIEN FEBVRE & HENRI-JEAN MARTIN, THE COMING OF THE BOOK: THE IMPACT OF PRINTING 1450-1800, 72-76 (Geoffrey Nowell-Smith & David Wootton eds., David Gerard trans., 1976).

[25] *See* Zheng Chengsi, *Printing and Publishing in China and Foreign Countries and the Evolution of the Concept of Copyright*, [1987] 4 CHINA PATENTS & TRADEMARKS 41 (Part I), [1988] 1 CHINA PATENTS & TRADEMARKS 47 (Part II).

[26] *See* ALFORD, *supra* note 19, at 13-17.

[27] *See generally* William Alford, *On the Limits of "Grand Theory" in Comparative Law*, 61 WASH. L. REV. 945 (1986) (critiquing culturalist theories of Chinese legal trends).

[28] *Cf.* Zheng Chengsi, *Further on Copyright Protection in Ancient China*, [1996] 4 CHINA PATENTS & TRADEMARKS 62 (noting this parallel and critiquing Alford's culturalist theory of imperial Chinese regulation of the book trade).

3. *European Mercantilist Printing Regimes*

The printing press was introduced into a fifteenth-century Europe in which elites from medieval times still had traditional prerogatives. For example, the Church, universities, and learned professions acted as censors, and guilds controlled manufacturing and trade. However, as sovereigns tried to form and control nation-states, they cultivated a mercantilist vision that considered society like a giant marionette whose limbs they would manipulate at will.[29] The surviving medieval elites reached complex legal compromises with mercantilist sovereigns in the next few centuries: notably, they sought to elaborate on their privileged positions in society, over which these sovereigns exerted increasing power. For example, on the premise of attracting new technologies and investment, nation-states assured enterprises of monopolies in specific fields.[30]

The printing press gave rise to a burgeoning book trade, which was embroiled in these trends. Printers and book sellers, while multiplying, organized in guild-like groups to avoid competition.[31] Sovereigns tried to crystallize national consensus with censorship schemes to buttress positions taken in religious struggles and to stop political dissent. We shall focus on three common features of the resulting pre-copyright regime, as England and France elaborated it from the sixteenth to the eighteenth century.[32] First, the royal executive came to assert exclusive, centralized jurisdiction over the media, although at times it partially delegated powers to trade groups. Second, *ad hoc* rules governed diverse entitlements, such as patents and privileges, by which the rising nation-state authorized publishers to market books and theaters to stage dramas. Third, such rules were enforced in police measures, subject to courts of the executive or trade groups. These media monopolies reinforced censorship schemes and purported to protect publishers against piracy.

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[29] For analyses of the transition from medieval to modern conditions, see DOUGLASS C. NORTH & ROBERT PAUL THOMAS, THE RISE OF THE WESTERN WORLD: A NEW ECONOMIC HISTORY 79-89 (1973); LUCIANO PELLICANI, THE GENESIS OF CAPITALISM AND THE ORIGINS OF MODERNITY, chs. 4-7 *passim* (1994).

[30] *See, e.g.*, MARJORIE PLANT, THE ENGLISH BOOK TRADE: AN ECONOMIC HISTORY OF THE MAKING AND SALE OF BOOKS 102-03 (3rd ed. 1974) (explaining process in the English book trade); NORTH & THOMAS, *supra* note 29, at 98-100 (also noting that these monopolies were often sold to fill state coffers).

[31] *See* FEBVRE & MARTIN, *supra* note 24, at 140-42; BAPPERT, *supra* note 19, at 178-216 *passim*.

[32] The pre-copyright and copyright regimes analyzed here may be called "paradigms" in the broad sense of the term. For an account of this sense, see THOMAS S. KUHN, THE STRUCTURE OF SCIENTIFIC REVOLUTIONS 174-91 (2d ed. 1970).

First, consider centralization. In England, the Crown, without full powers to tax, could not maintain a powerful bureaucracy.[33] Nonetheless, in the sixteenth century, the English Crown already asserted its prerogatives to control the media.[34] Most importantly, it delegated police powers to the Stationers' Company of London in a charter focused on "suppressing prohibited books."[35] Only presses otherwise authorized by the Crown fell outside the Stationers' purview, notably the university presses at Oxford and Cambridge and presses with royally granted "patents" to print specific books.[36] The Stationers were charged with preventing the printing and distribution of writings that had not been "licensed" by official censors or, at times, the Company's agents.[37] By contrast, the French Crown only progressively centralized jurisdiction over the media, more and more taking over medieval elites' diverse prerogatives in the field.[38] For example, in the mid-sixteenth century, Francois I authorized Rabelais' *Tiers Livre*, which the Sorbonne, asserting its traditional role as censor, had forbidden.[39] In the seventeenth century, the royal executive, rather than the Church, established and oversaw theaters, such as the *Comédie Française*.[40] With the complicity of the Paris Book Guild, it also increasingly policed the book trade.[41]

Second, work-specific rules evolved to govern the media monopolies that executive powers most often granted to trade associations or media

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[33] *See* CHRISTOPHER HILL, THE CENTURY OF REVOLUTION, 1603-1714, 30-31 (1961).

[34] *See* Sheila Lambert, *State Control of the Press in Theory and Practice: the Role of the Stationers' Company before 1640*, *in* CENSORSHIP AND THE CONTROL OF PRINT IN ENGLAND AND FRANCE 1600-1910, 1 (Robin Myers & Michael Harris eds., 1992).

[35] LYMAN RAY PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE 29 (1968).

[36] *See* PLANT, *supra* note 30, at 100-04; JOHN FEATHER, PUBLISHING , PIRACY AND POLITICS: AN HISTORICAL STUDY OF COPYRIGHT IN BRITAIN, chs. 1-2 *passim* (1994).

[37] *See* PATTERSON, *supra* note 35, at 36-41, chs. 5-6 *passim*.

[38] *Cf.* AUGUSTINE BIRRELL, SEVEN LECTURES ON THE LAW AND HISTORY OF COPYRIGHT IN BOOKS 53 (Rothman Reprints 1971) (1899) (contrasting English and French historical developments).

[39] *See* FEBVRE & MARTIN, *supra* note 24, at 307; *also* 1 AUGUSTIN-CHARLES RENOUARD, TRAITÉ DES DROITS D'AUTEURS 32-34 (1838) (recounting how, in 1518, the Sorbonne put up posters asserting its jurisdiction to stop the publication of the Concordat of Francois I and Leon X, only to have the Crown deny this jurisdiction and empower the Parliament in Paris to authorize "some good and diligent printers" to publish the document).

[40] *See* DOCK, *supra* note 21, at 88-97.

[41] *See* FEBVRE & MARTIN, *supra* note 24, at 239-47; DOCK, *supra* note 21, at 66-75, 96-97; ROBERT DARNTON, THE LITERARY UNDERGROUND OF THE OLD REGIME 185-90 (1982).

enterprises.[42] In England, the regulations of the Stationers' Company entitled any member first registering a work to have the Company stop others from publishing copies.[43] Thus the so-called Stationers' copyright came into being, not as a right generally available at common or statutory law, but rather by virtue of the "trade recognition of 'the right of copy.'"[44] This interest was assignable between Stationers, and it reverted to the Company upon a member's death or his widow's remarriage outside the Company, leaving it without a fixed term.[45] Furthermore, the holders of royally granted book patents and of Stationers' copyrights developed complex schemes for apportioning shares in the so-called English stock of books.[46] Over time, the Company's Register became the main source for learning the complex web of rules that governed resulting claims to publish specific books in England.[47] The French Crown typically granted specific publishers "privileges" to print and sell designated books for limited terms, and it authorized theatrical performances.[48] For the most part, such publication monopolies benefited printers and booksellers in the Paris Book Guild, which also purported to regulate the book trade.[49] In any event, in France, royal and trade regulations proliferated into "a vast mass of often conflicting legislation."[50]

It is critical to note the legal status of these media monopolies before considering enforcement. Arising from the Crowns' public powers, Stationers' copyrights, printing patents, and privileges were not strictly private rights in works. Of course, authors have always sold manuscripts as hand-made products with value for the labor invested in writing them.[51]

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42 The Italians were the pioneers in these developments. *See, e.g.*, Paul F. Grendler, *The Roman Inquisition and the Venetian Press 1540-1605*, 1975 J. MODERN HISTORY 47, 48 (explaining that Venice was the first major European publishing center, where more than eight million books were printed in the second half of the sixteenth century); STERLING, *supra* note 11, at 995-96 (setting out texts and translations of early Venetian printing privileges).

43 *See* BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 5 (1967); PATTERSON, *supra* note 35, at 46-64.

44 1 STEPHAN P. LADAS, THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY 15 (1938).

45 *See* PATTERSON, *supra* note 35, at 47-49.

46 *See* FEATHER, *supra* note 36, at 24-30.

47 *See* ADRIAN JOHNS, THE NATURE OF THE BOOK: PRINT AND KNOWLEDGE IN THE MAKING 213-35, 246, 263 (1998).

48 *See* 1 RENOUARD, *supra* note 39, at 62-225 *passim*; DOCK, *supra* note 21, at 65-75.

49 *See* DARNTON, *supra* note 41, at 185-88.

50 FEBVRE & MARTIN, *supra* note 24, at 241.

51 *See* PLANT, *supra* note 30, at 98-99, 114 (noting trade in manuscripts in medieval times). *Cf.* DOCK, *supra* note 21, at 56-61 (indicating common ownership of manuscripts generated in monasteries).

But, through the seventeenth century, authors were rarely themselves legally empowered to control the printing and sale of copies of their manuscripts.[52] For example, in the mid-seventeenth century, when a copy of his *Précieuses Ridicules* fell into the hands of publishers, Molière protested: "It's a strange thing that one publishes people against their will. . . . Nonetheless, I could not prevent it, and I have suffered the misfortune of having a copy, filched from my room, fall into the hands of booksellers, who by surprise have obtained the privilege of publishing it."[53] Indeed, only gradually did writers' contracts with publishers begin to mix language that merely sold their manuscripts with language that alienated any entitlements of "copy."[54] Playwrights had varying arrangements with theatrical companies, exceptionally sharing ownership of the companies and more often taking shares of ticket sales.[55]

Third, and finally, work-specific rules were enforced by the executive, trade groups, and police measures. Note that, throughout this period, European legal cultures were working out deep-running tensions. For example, local courts, representing the common law in England, and especially the high courts called *Parlements* in France, struggled with national execu-

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[52] The Renaissance Italians were precocious in granting authors entitlements in their works. *See, e.g.,* 2 GEORGE HAVEN PUTNAM, BOOKS AND THEIR MAKERS DURING THE MIDDLE AGES 363 (1896-97) (noting the Venetian decree of 1544-5 which required author's consent before publishing a work). *See also* PLANT, *supra* note 30, at 109 (giving examples of rare English book patents granted to authors); DOCK, *supra* note 21, at 82-83 (rare French privileges granted to authors).

[53] *Quoted in* 1 PAUL OLAGNIER, LE DROIT D'AUTEUR 85 (1934). Molière himself had tumultuous relations even with print publishers with whom he contracted. *See* RAMON FERNANDEZ, MOLIÈRE, THE MAN SEEN THROUGH THE PLAYS 62-68 (Wilson Follett trans., 1958). The relations between staging and publishing plays were also muddled in England from the fifteenth to the eighteenth century. *See* DAVID SAUNDERS, AUTHORSHIP AND COPYRIGHT 41-45 (1992).

[54] In an example often cited, Milton contracted for the publication of *Paradise Lost* in 1667, granting both the "Manuscript" and the "Booke Copy" of the work, while warranting quiet title. This example is all the more interesting because Milton, in his *Areopagitica*, was developing notions of modern authorship. *See* MARK ROSE, AUTHORS AND OWNERS: THE INVENTION OF COPYRIGHT 27-30 (1993); Peter Lindenbaum, *Milton's Contract*, 10 CARDOZO ARTS & ENT. L.J. 439 (1992).

[55] *See, e.g.,* FEATHER, *supra* note 36, at 30 (explaining arrangements between playwrights and Elizabethan theaters); PAULINA KEWES, AUTHORSHIP AND APPROPRIATION: WRITING FOR THE STAGE IN ENGLAND, 1660-1710, ch. 1 (1998) (such arrangements after the Restoration); DOCK, *supra* note 21, at 98-110 (arrangements in French theater).

tives that, ruling by fiat, tried to centralize governance.[56] Until dissolved in 1641 at the start of the English Civil Wars, the Star Chamber generally had jurisdiction over the book trade, subject to which the Stationers' Court could sanction illicit copies of unregistered works, stop unauthorized publication by breaking up presses and seizing copies, and resolve disputes with regard to copies.[57] In France, the King's Council had final say over the decisions of the Paris Book Guild and of other decision-making instances, and the royal executive most often exercised police powers, notably by seizing copies distributed without the stamp of either the censor or privilege.[58]

B. Classic Copyright: Unleashing the Media

In the seventeenth and eighteenth centuries, mercantilist regimes gave way to *laissez-faire* approaches to the marketplace. Centralized states, which had confirmed old privileges and created new ones, began to relent in their regulatory efforts. Rather, in civil societies, individuals became increasingly free to think, work, and trade as they saw fit, subject to neutral principles of law. Our second historical hypothesis highlights the corresponding shift in media control: *In recognizing authors' private rights in works of the mind, copyright laws tended to decentralize power over the dissemination of creative content through more powerful media such as print.* Although pre-copyright schemes had censorship functions, copyright law lost such functions. While facilitating the control of piracy, this law took on still other functions.

1. The Market as Communication System

To understand these trends, it is useful to consider how markets operate as increasingly interconnected communication systems.[59] In a village market, buyers examine goods on sale from stand to stand, and sellers haggle with them about prices face to face. From there, markets expand in size thanks both to better media for communicating information about

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[56] For further analysis, see THEODORE F.T. PLUCKNETT, A CONCISE HISTORY OF THE COMMON LAW, chs. 7-10 (5th ed. 1956); JOHN A. CAREY, JUDICIAL REFORM IN FRANCE BEFORE THE REVOLUTION OF 1789, chs. 1-3 (1981).

[57] *See* BIRRELL, *supra* note 38, at 58-64; PATTERSON, *supra* note 35, 46-64; JOHNS, *supra* note 47, at 221-27. *But cf.* FEATHER, *supra* note 36, at 44 (indicating that, in the 1662 Printing Act, Parliament began to extend the jurisdiction of common-law courts in the field).

[58] *See* CARLA HESSE, PUBLISHING AND CULTURAL POLITICS IN REVOLUTIONARY PARIS, 1789-1810, 10-15 (1991).

[59] *See* Harold Demsetz, *Information and Efficiency: Another Viewpoint*, 12 J. LAW & ECON. 1 (1969).

goods, services, and prices and better means for delivering goods.[60] Local markets in medieval times gave way to the global marketplace that started to reach out from Europe in modern times, thanks to improved postal systems, periodically printed newsletters, systematic accounting methods, and financial clearing houses. For example, in the seventeenth century, Amsterdam became the European commercial center, as the Dutch rode the crest of such trends.[61]

In the seventeenth and eighteenth centuries, the so-called Republic of Letters set literary trends in Europe. Through correspondence, periodicals, bookshops, coffee houses, salons, and clubs, the literate public kept current on what to read.[62] Printers in the Netherlands and some Swiss municipalities, flourishing free of censorship, produced books that were in turn smuggled into more regulated European countries.[63] In England, unauthorized books, whether shipped in from abroad or printed at home, sometimes by Stationers themselves, often competed with those licitly published pursuant to royal patents or Stationers' copyrights.[64] France, with porous borders and a large land-mass hard to police, found its provincial book markets well supplied by smugglers, renegade printers, and peddlers. These enterprising traffickers offered banned writings along with pirated texts that undercut the monopolies of Parisian publishers.[65]

Like other commodities, books thus tended to move throughout an ever-larger marketplace. Stationers' copyrights and royal patents or privileges did not succeed in fully sealing off local markets from each other. Furthermore, there was increasing resistance to such state-enforced monopoly schemes: most notably, the English Parliament enacted the Statute of Monopolies in 1624 to limit them, although not initially in the field of

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[60] For an overview of this development across world history, see FERNAND BRAUDEL, AFTERTHOUGHTS ON MATERIAL CIVILIZATION AND CAPITALISM, chs. 1-3 *passim* (1985).

[61] *See* INNIS, *supra* note 4, at 148-49, 154; NORTH & THOMAS, *supra* note 29, at 135-42; IMMANUEL WALLERSTEIN, THE MODERN WORLD-SYSTEM II: MERCANTILISM AND THE CONSOLIDATION OF THE EUROPEAN WORLD-ECONOMY 55-59 (1980).

[62] *See* ELIZABETH L. EISENSTEIN, THE PRINTING PRESS AS AN AGENT OF CHANGE: COMMUNICATIONS AND CULTURAL TRANSFORMATIONS IN EARLY-MODERN EUROPE 136-42 (one vol. ed. 1980); JÜRGEN HABERMAS, THE STRUCTURAL TRANSFORMATION OF THE PUBLIC SPHERE: AN INQUIRY INTO A CATEGORY OF BOURGEOIS SOCIETY 29-43 (Thomas Burger trans., 1989); JOHNS, *supra* note 47, at 111-26.

[63] *See* EISENSTEIN, *supra* note 62, at 143-45, 416-20, 646-47; DARNTON, *supra* note 41, chs. 4-5 *passim*.

[64] *See* PLANT, *supra* note 30, at 116-17, 261-62; FEATHER, *supra* note 36, at 21-23; JOHNS, *supra* note 47, at 128-36, 160-74.

[65] *See* FEBVRE & MARTIN, *supra* note 24, at 196-97, 237-39, 299-304; DARNTON, *supra* note 41, at 122, 183-85; HESSE, *supra* note 58, at 17-19.

publishing.[66] Over time, abandoning their faith in such monopolies to build industry, lawmakers had to face the challenge of fashioning a new regime in response to piracy in dynamic media markets.[67] At the end of the seventeenth century, the Stationers' monopoly lapsed in England; at the start of the eighteenth, the Act of Union brought Scotland and England together. Parliament then had to make law to govern the book trade in the greater British marketplace.[68]

French privileges were subject to legal challenges as well. Early on, pleadings in one French case claimed that "the author of a book is altogether its master and as such may freely dispose of it."[69] In a *cause célèbre* in the eighteenth century, privileges in La Fontaine's works, notably his *Fables*, had lapsed, and his granddaughters obtained the King's authorization to republish his works, only to have the Paris Book Guild refuse to register their entitlement. The granddaughters convinced the King's Council to overturn this refusal, ostensibly on the premise that La Fontaine, not his prior Parisian publishers, had originally held rights in his own works, rights his granddaughters inherited.[70] The Crown tried to patch up the old regime: for example, its Edict of 1723 confirmed the power of the Paris Book Guild to exercise self-help remedies, and its Edicts of 1777 and 1778 finally entitled authors generally to hold privileges.[71]

2. *Individual Creators and the Reading Public*

European nation-states, especially the most centralized among them, had instituted monopolies for favored enterprises or trade groups.[72] The

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[66] *See* HILL, *supra* note 33, at 262-64, 267 (explaining how royal monopolies ended in England); *also* HESSE, *supra* note 58, at 41(explaining that most industrial and commercial monopolies ended before those of the book trade in France). *Cf.* BRAD SHERMAN & LIONEL BENTLY, THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW: THE BRITISH EXPERIENCE, 1760-1911, 208-10 (1999) (noting the incremental role of the Statute of Monopolies in the evolution of British intellectual property).

[67] In Germany, not yet politically centralized, publishers from different regions, coming together in book fairs, themselves developed trade regulations to discourage pirating from region to region. *See* Martin Vogel, *Deutsche Urheber- und Verlagsrechtsgeschichte zwischen 1450 und 1850*, 19 ARCHIV FÜR GESCHICHTE DES BUCHWESENS 2 (1978).

[68] *See* Peter Prescott, *The Origins of Copyright: A Debunking View*, [1989] 12 EUR. INTELL. PROP. REV. 453.

[69] Pleadings by the counsel Marion in the *Muret* case before the *Parlement* of Paris, March 15, 1586, *quoted in* DOCK, *supra* note 21, at 78-79.

[70] *See* OLAGNIER, *supra* note 53, at 95; DOCK, *supra* note 21, at 118-21.

[71] *See* OLAGNIER, *supra* note 53, at 90-95, 105-10; DARNTON, *supra* note 41, at 186-90; HESSE, *supra* note 58, at 41-44.

[72] *See supra* text accompanying note 30.

general response, when such mercantilist schemes proved inadequate, was to decentralize decision-making by according general property rights to individual entrepreneurs, without favoring any one group over others. Logically, in the book trade, the next step in this direction would have been to vest publishers with private rights to control the printing and marketing of the writings over which they had obtained control as a matter of fact or law.[73] But, instead, we shall see the law go to the furthest extreme by reallocating such rights all the way out to the originators of the works themselves, the authors. The law would also allow the rights to be contractually reallocated, notably to media enterprises that would cater to the public at large.

Why this dramatic shift? The traditional position has stressed that, with the Renaissance, the individual creator began somehow to obtain a privileged status in European culture.[74] A more current position posits that only in the move from the Renaissance to the Enlightenment did the notion of individual authorship become critical to understanding how works arise.[75] Different historians highlight different trends: some stress how books prompted the inward cast of mind that we now associate with individual creators working in isolation; others point out how print allowed authors to promote themselves as heroic, individual creators.[76] Still others find the advent of copyright law itself to be a key catalyst for the tendency to give prominence to individual authors, if only to legitimate

[73] *Cf.* FEATHER, *supra* note 36, at 56 ("the whole public debate had revolved around censorship . . . and the property rights of publishers").

[74] *See generally* JACOB BURCKHARDT, THE CIVILIZATION OF THE RENAISSANCE IN ITALY 81-93 (Phaidon 1945) (S.G.C. Middlemore trans., 2d ed. 1878) (giving examples of individual artists, such as Alberti and Da Vinci, whom the Renaissance glorified for their creativity).

[75] *Cf.* Michel Foucault, *What Is an Author?*, *in* TEXTUAL STRATEGIES: PERSPECTIVES IN POST-STRUCTURALIST CRITICISM 141 (Josué V. Harari ed., 1979) (raising the question of when and how, in modern times, the notion of the individual "author" began to be invoked to explain the tenor of texts).

[76] *See* MARSHALL MCLUHAN, THE GUTENBERG GALAXY 130-37 (1962); EISENSTEIN, *supra* note 62, at 132-36, 228-37. *But cf.* PELLICANI, *supra* note 29, at 179-80 (stressing opening up of marketplace as forcing individuals back onto their own inner resources); HABERMAS, *supra* note 62, at 43-51 (pointing to changes in family arrangements, coupled with reading patterns, in the rise of private, individual self-consciousness); JOHNS, *supra* note 47, ch. 6 (tracing out ambivalent modern responses to individual casts of mind prompted by reading).

such law itself.[77] Rather than decide between these positions, we shall ask how the trends that they highlight effectively fed off each other.[78]

In medieval times, painters and sculptors, for example, were treated as artisans subject to guild rules. But, in the Renaissance, many artists freed themselves of such group ties, instead acquiring individual privileges and titles as members of aristocrats' retinues. In this context, they gradually won the freedom to create outside the terms of their patrons' commissions, and their works started to be priced freely as unique commodities on the marketplace.[79] An anecdote illustrates how visual artists acquired great prestige in the Renaissance, leading the way to the new status that individual creators generally began to acquire in modern times. Michelangelo, commissioned to make a grandiose tomb for Pope Julius II, lost his temper over difficulties funding the project and his treatment by underlings, and he left Rome in a huff for Florence. Michelangelo then found himself, a mere handworker, entreated by the Pope, one of the most powerful men of Europe, to return to Rome to resume work.[80]

Especially in cultivated city-states like Venice, some Renaissance authors in Italy obtained privileges to publish their own works, and a few became wealthy.[81] In the rest of Europe, however, most writers remained for centuries subject to patrons' whims and, even when eventually vested with copyright, to publishers' greed.[82] Through the eighteenth century,

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[77] *See* EISENSTEIN, *supra* note 62, at 239-40; ROSE, *supra* note 54, ch. 7 (1993); Martha Woodmansee, *The Genius and the Copyright: Economic and Legal Conditions of the Emergence of the "Author,"* 17 EIGHTEENTH-CENTURY STUDIES 425 (1984).

[78] *Cf.* KEWES, *supra* note 55, at 128-29 ("I suggest that to accord priority to developments originating in positive law is to limit our understanding of the process by which social and critical conceptions of authorship were formed.").

[79] *See* MARTIN WARNKE, THE COURT ARTIST: ON THE ANCESTRY OF THE MODERN ARTIST 143-55 (David McLintock trans., 1993); *also* BRAM KEMPERS, PAINTING, POWER, AND PATRONAGE: THE RISE OF THE PROFESSIONAL ARTIST IN THE ITALIAN RENAISSANCE (Beverley Jackson trans., 1992) (laying out Italian trends, on the one hand, from commissions by religious orders and then urban centers to positions with aristocrats and, on the other, from guild governance to professional independence).

[80] *See* GEORGIO VASARI, LIVES OF THE ARTISTS 263-67 (Simon & Schuster, Betty Burroughs ed., 1946) (J. Foster trans., 1850) (1568); 1 JOHN ADDINGTON SYMONDS, THE LIFE OF MICHELANGELO BUONARROTI 152-59, 176-87, 198-99 (2d. ed. 1893).

[81] *See, e.g.*, 2 PUTNAM, *supra* note 52, at 370 (indicating direct Venetian grants entitling Ariosto, Aretino, and Tasso to publish their own works).

[82] *See, e.g.*, FEATHER, *supra* note 36, at 40 (indicating that English law started to require authors' consent to publication in 1642, but only to identify authors of unacceptable books); Harold A. Innis, *The English Publishing Trade in the Eighteenth Century*, *in* THE BIAS OF COMMUNICATION 142, 149-50

musicians were in a worse position, mostly working the streets or as servants: for example, "Haydn had to submit almost all his life to the old conditions of a musical retainer; Mozart broke free from the feudal order of things only to come to grief economically."[83] *Literati* such as Defoe did enter into the debate about instituting copyright in England at the start of the eighteenth century, but as much to side with political positions as to favor the cause of authors.[84] Only when Beaumarchais organized Parisian dramatists on the eve of the French Revolution did writers clearly appear as a pressure group with which to be reckoned as supporting authors' interests.[85]

Nonetheless, the book trade itself generated support for authors from their readers. The rising, literate middle-classes wanted to buy books freely on an open marketplace. Their ideologues protested against the censors and monopolies of the old regime that left them with limited and expensive access to books.[86] Such protests fed the great debate on literary property which raged in England and on the Continent in the eighteenth

(Univ. of Toronto Press, 2d ed. 1995) (1951) (explaining that eighteenth-century English writers were still "at the mercy" of monopolistic London publishers); EISENSTEIN, *supra* note 62, at 145-48 (describing the ambivalent position of French "men of letters" in early-modern French and European society).

[83] ALFRED EINSTEIN, A SHORT HISTORY OF MUSIC 142 (4th ed. 1954). *See, e.g.*, Richard Petzoldt, *The Economic Conditions of the 18th-Century Musician*, *in* THE SOCIAL STATUS OF THE PROFESSIONAL MUSICIAN FROM THE MIDDLE AGES TO THE 19TH CENTURY 159 (Walter Salmen ed., Herbert Kaufman & Barbara Reisner trans., 1983) (detailing the economic insecurities and indignities suffered by court musicians); JACQUES ATTALI, BRUITS: ESSAI SUR L'ÉCONOMIE POLITIQUE DE LA MUSIQUE 28-34, 81-127 *passim* (1977) (surveying changes in the status of musicians from early modern times to the present).

[84] *See, e.g.*, FEATHER, *supra* note 36, at 55, 67 (minimizing the influence of authors on the 1710 legislation, while quoting Defoe as opposing the renewal of licensing the Stationers to avoid making the press "a slave to party"). *But cf.* ROSE, *supra* note 54, at 34-41 (stressing Defoe's and Addison's introduction of the property metaphor).

[85] *See* DOCK, *supra* note 21, at 143-54; HESSE, *supra* note 58, at 115-17.

[86] *See, e.g.*, John Locke, *Memorandum* (written *circa* 1694), *reprinted in* LORD PETER KING, THE LIFE AND LETTERS OF JOHN LOCKE 202-09 (Bell & Daldy, new ed. 1864) (critiquing old Stationers' regime as both subject to capricious interpretation and resulting in poorly printed, inaccurate, and costly books, while pointing out that Dutch publishers, under a more liberal regime, outcompeted the English); DENIS DIDEROT, SUR LA LIBERTÉ DE LA PRESSE 50, 67 (Jacques Proust ed., Éditions sociales 1964), *first published as* LETTRE SUR LE COMMERCE DE LA LIBRAIRIE (1861) (critiquing censorship while arguing for publisher's copyright).

century, airing positions for and against narrow and broad copyright.[87] Whatever the details of this debate, the basic premise slowly became unassailable in the minds of the new reading audience: authors had natural rights to control the communication of their thoughts to the public and to profit from the fruits of their own mental labors. Goldsmith touched on their emerging new status, stating that authors "no longer depend on the Great for subsistence, they have no other patrons but the public, and the public, collectively considered, is a good and generous master."[88]

3. Copyright Decentralizes Rights Over Works

Three shifts characterized the advent of copyright law in the eighteenth century, and once again the experiences of England and France are illustrative. First, power over the dissemination of works was decentralized away from the royal executive and its agents when the law granted copyrights to individual authors. Second, instead of complex bodies of *ad hoc* regulations that censored some works and effectuated monopolies in others, statutes set out simple and uniform rules to allocate out general rights to govern publication and performance, irrespective of the work at issue. Third, rather than depending on enforcement in largely police measures, claimants could bring their own actions against infringers in civil courts. Accordingly, not the nation-state, but authors and media enterprises that were scattered throughout the marketplace decided what works reached the public.

In the first shift, media power was decentralized. During the English Civil Wars of the mid-seventeenth century, Parliament asserted the power to "license" the Stationers.[89] Parliament did not renew its last licensing act at the end of that century, thus severing "the historical link between censorship and copyright."[90] With the Stationers' regime suddenly put into suspense, some law was needed to avoid "[a]narchical publication" on an open media marketplace.[91] In 1710, the Parliament enacted the Statute of Anne, which instituted the right to prevent the copying of newly authored books for fourteen years from publication.[92] This copyright clearly

[87] For an overview of the debate in England, France, and Germany, with further references to original and secondary sources, see SAUNDERS, *supra* note 53, chs. 2-4.

[88] OLIVER GOLDSMITH, THE CITIZEN OF THE WORLD AND THE BEE 233 (Austin Dobson, ed., Everyman's Library 1934) (1762).

[89] For the history of this shift in power, see FEATHER, *supra* note 36, ch. 2.

[90] Raymond Astbury, *The Renewal of the Licensing Act in 1693 and its Lapse in 1695*, 33 LIBRARY 296, 311 (1978).

[91] KAPLAN, *supra* note 43, at 6.

[92] 8 Anne, ch. 19 (1710). Prior owners of "copies" of already published books, most often Stationers, obtained protection for twenty-one years from enactment. Enforcement was subject to registration with the Stationers "in such

vested in "authors" who, if living at the lapse of the first term, could have rights renewed for a second term of fourteen years. Extending the model of Stationers' interests assignable within the Company, the law recognized that copyright may be transferred to "assigns" generally.[93] The complex Stationers' scheme accordingly gave way to a more straightforward law granting rights to authors that could be contractually transferred on the open market.[94] But the Statute of Anne, covering only printed matter, left many questions in suspense.[95] For example, other laws had to be enacted for artistic works and theatrical performances.[96]

Second, copyright laws corresponded to the overall shift toward private rights. At this time, Europe saw the rise of civil law that generally assured private parties of stable property rights, on which they could freely trade in the marketplace.[97] With regard to the book trade, the British Statute of Anne of 1710 was followed, for example, in Denmark and the North American colonies by comparable legislation and, in Prussia, by similar provisions in a general code.[98] This regime crystallized for all media when, after freedom of the press took hold at the start of the French Revolution, the National Assembly passed the Laws of January 13, 1791, and of July 19, 1793.[99] This pair of statutes subjected all exploitation of works, both in immaterial media like live performances and material media like print, to authors' rights that were formulated in categorical terms covering all classes of works. The Law of 1791, enacted after intense lobbying by the playwrights' trade association, recognized the freedom to operate public theaters as well as authors' rights to control the public staging

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manner as hath been usual." For the statutory text, see STERLING, *supra* note 11, at 996-99.

93 *See supra* text accompanying note 45.

94 *See* PLANT, *supra* note 30, at 118-19; FEATHER, *supra* note 36, at 67, 80.

95 *See, e.g.*, Bach v. Longman (1777) 2 Cowper 623 (extending Statute of Anne to printed sheet music).

96 For example, the Engraving Copyright Act was passed in 1734 after pressure from artists, including William Hogarth, the Sculpture Copyright Act in 1798, and the Dramatic Copyright Act in 1833. *Cf.* SHERMAN & BENTLY, *supra* note 66, at 135 (quoting a nineteenth-century comment that cumulating British copyright statutes had left the "glorious muddle" of "eighteen acts of Parliament" before codification in 1911).

97 *See* HABERMAS, *supra* note 62, at 75-78.

98 *See, e.g.*, STERLING, *supra* note 11, at 999 (setting out the Danish law); Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119, 1171-74 (1983) (reviewing North American colonial laws); MICHAEL BÜLOW, BUCHMARKT UND AUTORENEIGENTUM: DIE ENTSTEHUNG DES URHEBERGEDANKENS IN 18. JAHRHUNDERT 51-54 (1990) (quoting publishing law in the general Prussian code).

99 For the freeing of the French press, see HESSE, *supra* note 58, at 27-32.

of their works.[100] The Law of 1793 extended protection to "any . . . production of the mind or genius belonging to the fine arts [*beaux-arts*]." It granted authors rights to control the copying of their works and the distribution and sale of copies.[101]

Third, such private rights were enforceable, not by the police at the whim of the sovereign or trade associations, but more predictably before courts of ordinary jurisdiction. Such courts had to confront issues left unresolved by statute, of which the first and most critical was: Who, if anyone, had rights in a work upon the lapse of entitlements under the statute? Ever protective of their position in the trade, London booksellers brought suit against Scottish publishers who were undercutting their prices after the term of their copyrights under the Statute of Anne had lapsed.[102] The London booksellers asserted a copyright at common law that purportedly continued beyond the term granted under the Statute of Anne, although no clear precedents supported this claim, only scattered decisions in equity.[103] The Scottish publishers in turn argued that, beyond that statutory term, there was only the public domain; otherwise, perpetual copyright would eclipse the public domain from which, as some judges recognized, authorship inevitably drew raw materials.[104] In 1774, the House of Lords heard the case of *Donaldson v. Beckett*, in which the judges came to a mixed decision, but after which the position restricting copyright to express statutory periods of protection prevailed in Anglo-American jurisdictions.[105]

The French Laws of 1791 and 1793 settled this question by unambiguously dropping works into the public domain after copyright lapsed.[106] These laws, formulated in conceptual terms, each on less than a page of text, remained the dispositive French copyright statutes for the next century and a half. They foreshadowed the French Civil Code completed in 1804, whose drafters sought to formulate simple and concise rules in terms

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[100] *See supra* text accompanying note 85. For details on this entire legislative history, see 1 RENOUARD, *supra* note 39, at 299-331.

[101] For the statutory texts, see STERLING, *supra* note 11, at 1002-07.

[102] *See* FEATHER, *supra* note 36, at 81-94.

[103] *See* Abrams, *supra* note 98, at 1142-56. *But cf.* PATTERSON, *supra* note 35, at 160-62 (indicating that injunctions were granted without references to the Statute of Anne, leaving open the argument *a contrario* that they were based on common law).

[104] *See generally* SHERMAN & BENTLY, *supra* note 66, at 28-30, 39-40 (touching on the appeal of this argument at the time).

[105] (1774) 2 Brown's Prerogative Cases. For critical accounts, see Abrams, *supra* note 98, at 1156-71; ROSE, *supra* note 54, ch. 6 and Appendix B.

[106] Thus a key point in the French debate on literary property was resolved: Diderot had argued for perpetual property in works, while Condorcet argued against it, fearing that such copyright might restrict free inquiry. *See* HESSE, *supra* note 58, at 100-05.

of abstract "principles fertile in consequences" for judges.[107] They also allowed for developing more effective remedies against continuing piracy, such as procedures leading to the rapid seizure of allegedly infringing materials.[108] Other countries followed these laws as models for further legislation, and their courts could refer to comparable statutory language as open-ended bases for flexible case law.[109] The marketplace opened up: new publishing houses and projects began to proliferate, and the law was ready for more far-reaching changes in the media.[110] For example, up to the last decade of the eighteenth century, "the works of the most famous French writers were read throughout Europe in editions published outside France."[111] In the nineteenth century, French writers published in Paris.[112]

C. Global Copyright: Expanding the Regime

In the nineteenth century, industries grew to serve new markets. Artisanal workshops were replaced by ever-more rationalized and highly capitalized enterprises that operated on increasingly global scales. Hence our third historical hypothesis: *In response to industrialization, copyright was augmented both with new economic and moral rights, while it was transplanted worldwide.* New economic rights allowed culture industries to undertake greater risks in producing more capital-intensive works and

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107 Portalis, *Discours préliminaire prononcé lors de la présentation du projet de la commission du gouvernement (1er pluviôse, an IX, vol. I, 463-523)*, *in* NAISSANCE DU CODE CIVIL 41-42 (P.A. Fenet & François Ewald eds., 1989).

108 *Compare* HESSE, *supra* note 58, at 214-22 (noting that, right after the passage of the Laws of 1791 and 1793, piracy became rampant), *with* 2 RENOUARD, *supra* note 39, at 390-439 *passim* (tracing the development of provisional civil and criminal remedies in France through the first quarter of the nineteenth century).

109 *See generally* ALAIN STROWEL, DROIT D'AUTEUR ET COPYRIGHT: DIVERGENCES ET CONVERGENCES 145-46 (1993) (observing that such open codification allows judges flexibility in solving problems). *See, e.g.*, SHERMAN & BENTLY, *supra* note 66, at 121 ("With France acting yet again as a role model, there was a demand for the [British copyright] law to be made as simple, uniform and precise as possible.").

110 Competition from new publishers did meet concerted resistance from established publishing houses. *Compare* PLANT, *supra* note 30, at 118-21, 222-24; FEATHER, *supra* note 36, at 65, 81 (noting new editions on British market, many from Scotland, but monopolistic "congers" of London publishers in the eighteenth century), *with* HESSE, *supra* note 58, at 17, 31-32, chs. 5-6 *passim* (noting new publishing projects but vicissitudes of the book trade during French Revolution).

111 FEBVRE & MARTIN, *supra* note 24, at 197.

112 *Cf.* HESSE, *supra* note 58, at 240-248 (indicating starting point for Parisian publishing in the nineteenth century).

disseminating them in mass markets. Moral rights allayed authors' fears regarding just such industries and markets.

1. The Rise of the Culture Industries

In the nineteenth century, the industrial revolution increased the production of hard goods. Better transport, starting with the railway and steam ships, enabled these goods to be distributed across longer distances.[113] From the nineteenth to the twentieth century, media technology improved in great leaps forward that allowed cultural goods to be made in more easily reproduced forms and to be marketed more broadly and quickly. Culture industries arose to exploit these goods, but they had to secure returns on their investments to continue production cycles. At the same time, the very power of new media increased risks of piracy. Authors in turn had new concerns for their reputations on the mass market.[114]

To start, more capital had to be sunk into improved printing presses that increased outputs for larger markets at lower costs.[115] Then, in accelerating waves of technological innovation, came photography, the cinema, sound recording, radio, and television, each medium with its own needs for investment and all helping to address markets on continental and finally global scales. Directors like D.W. Griffith and Abel Gance pioneered epic motion pictures, with sets, costumes, and casts at unheard-of costs, contributing to the very "aura" with which new works captured the popular imagination. Highly paid stars, like Valentino in the film industry and Caruso in the recording industry, brought name recognition, comparable to that focused by trademarks, to crystallize and stabilize mass demand for cultural goods.[116]

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113 For further analysis, see JAMES R. BENIGER, THE CONTROL REVOLUTION, esp. chs. 6-9 (1986).

114 *Cf.* II:1 STIG STRÖMHOLM, LE DROIT MORAL DE L'AUTEUR 76-80 (1966) (analyzing how the industrialized production and mass marketing of works impacts on authors' interests calling for protection by moral rights).

115 *See* Harold A. Innis, *Technology and Public Opinion in the United States*, *in* THE BIAS OF COMMUNICATION, *supra* note 82, at 156, 159-62; PLANT, *supra* note 30, ch. 13.

116 *See generally* Max Horkheimer & Theodor W. Adorno, *The Culture Industry*, *in* DIALECTIC OF ENLIGHTENMENT 120 (J. Cumming trans., 1987) (analyzing the rise of culture industries). *But cf.* Walter Benjamin, *The Work of Art in the Age of Mechanical Reproduction*, *in* ILLUMINATIONS: ESSAYS AND REFLECTIONS 217 (Hannah Arendt ed., Harry Zohn trans., new ed. 1972) (predicting the liquidation of the "aura" of works once these are captured by modern mass media).

Thus culture industries have had needs for constant capitalization and for securing reliable markets that matched their mass scale.[117] Furthermore, investment risks have increased as technology has made copying media more widespread, putting these media not only into pirates' hands, but ultimately into users' homes. In the twentieth century, copyright has therefore been looked to as a means for securing and protecting income streams, and it has been expanded accordingly. For example, neighboring rights have been accorded to media producers, along with royalties from an increasing range of sources, such as the sale of blank tapes for home recording.[118]

2. Rights Extended to New Media

Copyright has been repeatedly pushed into new, previously marginal markets for public performances. In the nineteenth century, three French authors went to a café where they heard a popular song written by one of them and saw a stage number based on the work of the others. They refused to pay for their refreshments, stating to the café owners: "You use our work without paying us; there's no reason for us to pay your bill." Litigation ensued, the authors' claims were vindicated, and they went on to associate with their publishers to collect royalties for public performances of music.[119] Ultimately, such associations came to collect royalties for manifold uses, most notably for publicly broadcasting works, especially music, into private businesses and homes. At the same time, copyright was contractually allocated out into diverse entitlements that allowed the same works to be exploited in diversified forms and media.[120]

English courts, before and under the Statute of Anne, had dealt with translations, compendiums and abridgments of prior works, but the courts had shied away from imposing liability absent close copying.[121] French courts, under the Laws of 1791 and 1793, were initially reluctant to find infringement in what leading French commentary then called "[t]he trans-

117 *See generally* CELIA LURY, CULTURAL RIGHTS: TECHNOLOGY, LEGALITY AND PERSONALITY 39-51, 67-92 (1993) (analyzing strategies for producing works to capture market segments).

118 *See* BERNARD EDELMAN, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 90-102 (3d ed. 1999).

119 *See* ATTALI, *supra* note 83, at 128.

120 *See, e.g.,* SAUNDERS, *supra* note 53, at 140-44 (detailing contractual approaches to marketing literary materials in the nineteenth century, such as magazine serialization and syndication).

121 *See* JOHNS, *supra* note 47, at 226-27; KAPLAN, *supra* note 43, at 9-12, 16-17; *also* FEATHER, *supra* note 36, at 95-96 (noting that, at the end of eighteenth century, piracy only meant textual copying).

mutation of form that the translator causes the original to undergo."[122] But in the course of the nineteenth century, as trade in books became increasingly globalized, authors and publishers started to claim rights to stop translations in foreign markets. Ultimately, the right of translation was subsumed under the more general right to control the making and exploitation of derivative works.[123] It was no longer merely a matter of protecting a work against being replaced by literal or close copies in the market that the work initially targeted. Rather, copyright reached new markets in new media: for example, it allowed controlling whether literary works were adapted to the stage or film.

It is, however, difficult to delimit this right to control deriving new works from prior works. When do new authors pass from taking the "substance" of prior works to merely drawing "inspiration" for their new works from old ones? If no clear line is drawn, rights of translation, adaptation, etc., could be asserted to stop virtually all new authors from elaborating on prior works and from releasing still newer works to the world. In response, courts devised limiting doctrines in cases of derivative works, most notably ruling that copyright does not protect "ideas," "themes," "facts," etc., but rather only "expression" or "forms."[124] At much the same time, courts also came to ask whether plaintiff's work is copied in defendant's "substantially" similar work or whether "essential" or "characteristic traits" of one work are taken in the other. Where, in transforming plaintiff's work, defendant left little of significance in its expressive texture recognizable in a new work, no infringement would be found. The very wealth of the case law on point testifies to how acute the tension has remained between copyright, as expanded to derivative works, and such limiting doctrines.[125]

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122 2 RENOUARD, *supra* note 39, at 37. *See also* BIRRELL, *supra* note 38, ch. 6 (comparing the development of British with European law concerning derivative works, quotation, etc., in the nineteenth century).

123 *See* Paul Goldstein, *Adaptation Rights and Moral Rights in the United Kingdom, the United States and the Federal Republic of Germany*, 14 INT'L REV. INDUS. PROP. & COPR. LAW [I.I.C.] 43 (1983); Lionel Bently, *Copyright and Translations in the English Speaking World*, 12 TRANSLATIO: FIT NEWSLETTER 491, 496-99 (1993); Martin Vogel, *Die Entfaltung des Übersetzungsrecht im deutschen Urheberrecht des 19. Jahrhunderts*, 1991 GRUR 16.

124 For analysis of the development of such doctrines in Anglo-American law, see KAPLAN, *supra* note 43, at 18-74; for a comparative analysis, see IVAN CHERPILLOD, L'OBJET DU DROIT D'AUTEUR, part 1 *passim* (1985).

125 *See* Robert H. Rotstein, *Beyond Metaphor: Copyright Infringement and the Fiction of the Work*, 68 CHI.-KENT L. REV. 701 (1993); Paul Edward Geller, *Hiroshige v. Van Gogh: Resolving the Dilemma of Copyright Scope in Remedying Infringement*, 46 J. COPR. SOC'Y 39 (1998) [hereinafter Geller, *Hiroshige v. Van Gogh*].

Furthermore, the ideal of "art for art's sake" was invoked in the nineteenth century to legitimate aesthetic indifference to profit and popularity.[126] Authors became concerned with violations of more intimate interests, for example, the misattribution of their authorship or the alteration of their works, notably as these reached the mass market. French judges were pioneers in recognizing and protecting such interests: "confronted with the facts, they found equitable solutions" in the case law, out of which grew the moral rights to control the disclosure of works, to obtain the attribution of authorship, and to maintain the integrity of works.[127] For example, in a seminal case, a French court vindicated the American artist Whistler's right to withhold disclosure of a portrait which he had been commissioned and paid to make and deliver, although it ordered the artist to return the payment received on the commission.[128] In subsequent cases, the courts initially referred to creators' interests in protecting their "reputations," and ultimately to their "moral rights" as such, in ordering that credit be given to them as authors or that their works not be altered against their wishes.[129]

Through the eighteenth century, artisans made furnishings and equipment for the wealthy, endowing these things with their personal styles and craft. Starting in the nineteenth century, industrialization increasingly put such products, as well as new mechanical devices, into the hands of broader sections of the public in mass-produced forms. Industrial design then developed as the art of creating products and devices both attractive to the senses and comfortable to wear or use in everyday life, and this art was increasingly deployed to captivate and satisfy the mass market.[130] But industrial design already implicitly raised the question: How to protect

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126 *See generally* PIERRE BOURDIEU, THE RULES OF ART: GENESIS AND STRUCTURE OF THE LITERARY FIELD 47-112 *passim* (Susan Emanuel trans., 1996) (tracing the social origins of this ideal in nineteenth-century France). *But cf.* SAUNDERS, *supra* note 53, 123-26, 164 (singling out Matthew Arnold as one of few who, in Anglo-American culture, voiced misgivings about mass-marketing culture).

127 I:1 STRÖMHOLM, *supra* note 114, at 196. *See also* EDELMAN, *supra* note 118, at 36-53 (explaining conceptual and jurisprudential roots of French moral rights); Martin Vogel, *Urheberpersönlichkeitsreicht und Verlagsrecht im letzten Drittel des 19. Jahrhunderts*, 1994 GRUR 587 (tracing the origins of German moral rights from philosophical theory through contractual practice in the publishing field).

128 William Eden c. Whistler, Cour de Cassation [Cass.] (Supreme Court), March 14, 1900, Dalloz, 1900, I, 63.

129 *See generally* STROWEL, *supra* note 109, 481-537 (surveying French, Belgian, and German developments).

130 For details of this history, see JOHN HESKETT, INDUSTRIAL DESIGN, chs. 1-5 (1980); EDWARD LUCIE-SMITH, A HISTORY OF INDUSTRIAL DESIGN, pt. 1 (1983). For further social background, including interfaces with copyright

both the "look and feel" of works of applied art, normally a copyright matter, and their functions, normally a patent matter? British lawmakers tried to separate out legal regimes for the fine arts and industrial designs, while the French allowed such regimes to apply cumulatively to the same cases.[131] Thus the way was opened for expanding copyright from the market for aesthetic works into the market for functional products.[132]

3. *Rights Transplanted Globally*

During the nineteenth century, media markets expanded rapidly.[133] English novels quickly crossed the Atlantic by steamship to be pirated in cheaper editions on the mass market in the United States, thanks to improved printing and the refusal to recognize copyright in foreign works.[134] At the same time, France was already a major publishing center, while Belgium was a center for pirates copying French books, and the French government threatened Belgium with trade reprisals until it concluded a treaty and made law to assure copyright protection for French works.[135] European countries then began to form a complicated web of such bilateral treaties to protect works across borders.[136]

However, authors, publishers, and lawyers soon began to ask how to make more uniform law to govern the growing international market for works. Some visionaries proposed imposing the same "law of copyright . . . [in] a single code, binding throughout the world."[137] A more modest proposal prevailed: simply conclude one copyright treaty, binding as many countries as possible, to compel the same choice of laws in cases of foreign

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law, see ADRIAN FORTY, OBJECTS OF DESIRE: DESIGN AND SOCIETY SINCE 1750, esp. 48-49, 59-60 (1986).

131 *Compare* SHERMAN & BENTLY, *supra* note 66, at 63-94 *passim*, 163-66 (tracing the development of the British approach), *with* CAROLINE CARREAU, MÉRITE ET DROIT D'AUTEUR 191-230 *passim* (1981) (development of the French approach).

132 *See generally* J.H. Reichman, *Legal Hybrids Between the Patent and Copyright Paradigms*, 94 COLUM. L. REV. 2432, 2448-64 (1994) [hereinafter Reichman, *Legal Hybrids*] (distinguishing markets for aesthetic works and functional products, as well as corresponding copyright and patent paradigms).

133 *See* Harold A. Innis, *The Bias of Communication*, *in* THE BIAS OF COMMUNICATION, *supra* note 82, at 33, 58-59.

134 *See id.*; *also* WILLIAM BRIGGS, THE LAW OF INTERNATIONAL COPYRIGHT 40-41 (1906) (recounting how the text of a book, within days of initial British publication, was cabled to U.S. and put on sale there).

135 *See* 1 LADAS, *supra* note 44, at 25-26. *Cf.* PLANT, *supra* note 30, at 432-41 (surveying piratical competition and the start of treaty process).

136 *See, e.g.*, SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986, 38 (1987) (including a chart of mid-19th century arrangements).

137 BRIGGS, *supra* note 134, at 162.

works. After years of negotiation culminating in 1886, a handful of countries concluded the Berne Convention.[138] Most were European, and some had vast overseas empires to bring into the Berne Union, making it a global institution. From the start, the Berne Convention imposed the principle of national treatment. Each country protected qualifying works as if authored by its own nationals. That is, it applied national law to protect these foreign works on its territory.[139]

It was no accident that Great Britain and France, both moving forces in international copyright in the nineteenth century, were then major exporters of literature. By contrast, "[u]nlike the British and the French, the American book industry was not linked to an international cultural project or ethos of world ascendancy in literature and the arts."[140] Through most of the nineteenth century, publishers in the United States were largely content with a home market on a continental scale, and most of them prompted their legislators to refuse copyright in foreign works.[141] As a result, national authors were placed at a disadvantage relative to foreign authors on whose works no royalties had to be paid: either national authors had to settle for lower royalties, or their publishers had to price their books above the market to recoup their royalties.[142] Starting in 1891, the United States began to protect the copyrights of foreign authors through bilateral arrangements, and U.S. publishers had to pay royalties on works of foreign authors, enabling U.S. authors to compete on an even footing with them. Before that date, most of the books published in the United States were by foreign authors; afterwards, most were by U.S. authors.[143]

The Berne Union became the global forum where competing industries, media, and other groups reached compromises in revisions every few decades. Over the twentieth century, the Berne Convention came to in-

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138 For further history, see JEAN CAVALLI, LA GENÈSE DE LA CONVENTION DE BERNE POUR LA PROTECTION DES OEUVRES LITTÉRAIRES ET ARTISTIQUES DU 9 SEPTEMBRE 1886, pts. 2-3 (1986).

139 At first, authors who were nationals of other Berne countries obtained national treatment only for their unpublished works or for works first published in another Berne country; only later did such authors obtain national treatment for all their works, irrespective of the place of publication. *See* Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised at Paris, July 24, 1971, arts. 3-4, 828 U.N.T.S. 221 [hereinafter Berne Convention].

140 SAUNDERS, *supra* note 53, at 165.

141 *See* George Haven Putnam, *Preface to the First Edition*, *in* THE QUESTION OF COPYRIGHT, xviii-xix (George Haven Putnam ed., 2d ed. 1896).

142 For further details, see AUBERT J. CLARK, THE MOVEMENT FOR INTERNATIONAL COPYRIGHT IN NINETEENTH CENTURY AMERICA, chs. 3-4 (1960). Only rarely did U.S. publishers accord royalties to foreign authors as a matter of "courtesy copyright." *See* FEATHER, *supra* note 36, at 153-54.

143 *See* SAUNDERS, *supra* note 53, at 165.

clude a growing panoply of minimum rights that covered increasingly diverse works. The original Berne Act of 1886 included the right to control translations, and later Berne Acts confirmed rights to control new media such as the cinema, broadcasting, and reprography.[144] Most often, treaty countries incorporate minimum rights into domestic legislation; however, where they do not, the courts in most countries may grant these rights to Berne claimants above and beyond national treatment.[145] For example, when a French film was televised in Germany and retransmitted by cable into Belgium, suit was successfully brought in Belgium on the basis of article 11*bis* of the Berne Convention itself, which sets out the minimum right prohibiting such retransmission.[146] The Rome Convention has accorded minimum rights in live performances, sound recordings, and broadcasts, and the TRIPs Agreement applies almost all Berne and most Rome rights in all W.T.O. countries.[147] Thus minimum rights have served to transplant copyright and related rights worldwide.[148]

II. ISSUES FOR THE NEAR FUTURE

The eighteenth century had its great debate on literary property.[149] Now at the turn of the millennium, we have ours on the future of copyright. Cyber-legalists contemplate elaborating more stringent, even more repressive law to protect copyright against digital free-riding. Cyber-anar-

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144 *See, e.g.,* BIRRELL, *supra* note 38, at 32 (stating in 1899: "Practically the value of the Convention turns upon its provisions as to translations."); Paul Edward Geller, *New Dynamics in International Copyright*, 16 COLUM.-VLA J. LAW & ARTS 461 (1992) (tracing out the Berne revision process in the context of media changes).

145 *See generally* WILHELM NORDEMANN, ET AL., INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS LAW: COMMENTARY WITH SPECIAL EMPHASIS ON THE EUROPEAN COMMUNITY 15-19, 20-23, 27-29 (R. Livingston trans., 1990) (analyzing overall relations of Berne and other treaty provisions to national laws).

146 Ciné Vog Films c. CODITEL, Tribunal de 1re instance (Trial Court), 2e ch., Brussels, June 19, 1975, 86 REV. INT'LE DU DROIT D'AUTEUR [RIDA] 124 (1975). *See also* the *Ludis tonalis* decision, Oberster Gerichtshof (Supreme Court, Austria), Jan. 31, 1995, 1995 GRUR INT. 729, note Wm. Dillenz (applying the minimum Berne right against the copying of sheet music for educational purposes that Austrian copyright law would have allowed).

147 Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, April 15, 1994, arts. 9-14 [hereinafter TRIPs Agreement], *in* Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS-RESULTS OF THE URUGUAY ROUND vol. 31, 33 I.L.M. 81 (1994).

148 For further analysis, see Paul Edward Geller, *Legal Transplants in International Copyright: Some Questions of Method*, 13 UCLA PAC. BASIN L. J. 199 (1994) [hereinafter Geller, *Transplants*].

149 *See supra* text accompanying note 87.

chists argue that such law might stifle the feed-back of insights and information on global networks.[150] Lawmakers, if judicious, will wend their way between such extreme positions. Some of the issues they might face in the near future are broached below.

A. New Media: New Risks and Promises

We just invoked the notions of *free-riding* and *feed-back*. In core cases of free-riding, namely piracy, close copies are made of works and marketed without the consent of the creators. In more complex cases that the law has addressed only over time, prior works are adapted into new works, for example, translations, and exploited without consent.[151] Such cases become problematic when prior works are creatively recast into new works, and it becomes difficult to disentangle what is taken from what is created.[152] In simple cases of feed-back, works are disseminated without change; in more complex cases, they are reworked and then input back into culture.

1. From Patchwork to Network

As new media communicate copyright materials more rapidly and broadly, new legal issues arise. However, to the extent that ongoing media changes are not fully predictable in their outcomes, we face a serious question in the field of copyright: What factual premises can we assume before analyzing pertinent legal issues in the near future? Indeed, a decade ago most of us would have failed to foresee the recent explosion of the World Wide Web and resulting legal issues. Now, still without prophetic gifts, we can only speculate about future technology, marketing realities, and legal consequences. With that caveat in mind, consider some provisional factual guesses about the near future.[153]

The media are shifting from a patchwork to a network model.[154] A patchwork consists of differentiated units separated by clear-cut borders. Until recently, the media tended to disseminate works within a patchwork

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150 *See* John Perry Barlow, *The Economy of Ideas: A Framework for Rethinking Patents and Copyrights*, WIRED, Mar. 1994, at 84, *reprinted in* THE FUTURE OF COPYRIGHT 169 (P. Bernt Hugenholtz ed., 1996).

151 *See supra* text accompanying notes 121-25.

152 *See generally* EUGEN ULMER, URHEBER- UND VERLAGSRECHT 275-78 (3rd ed. 1980) (noting that, in such cases, defendant so transforms plaintiff's protected materials that these "fade away" [*verblassen*] in defendant's work); Geller, *Hiroshige v. Van Gogh*, *supra* note 125, at 53-59 (tracing a spectrum from piratical copying to innovatively recasting prior works).

153 For further analysis, see NATIONAL RESEARCH COUNCIL, THE UNPREDICTABLE CERTAINTY, esp. chs. 4-5 (1996).

154 *See generally* Paul Edward Geller, *From Patchwork to Network: Strategies for International Intellectual Property in Flux*, 31 VAND. J. TRANSNAT'L L. 553

of territories. From centers such as Paris, London, New York, and Hollywood, culture industries marketed works to passive audiences in national or linguistic territories. A patchwork falls short of a network for lack of interactivity and interconnectivity: each patch has one or a few nodes from which messages are emitted, while other nodes largely receive without feeding messages back into the communications system. By contrast, a network consists of nodes interactively communicating with each other, and separate networks themselves tend to interconnect with each other globally, with the Internet as the result.[155]

In the shift from patchwork to network, creation and dissemination are being increasingly liberated from the constraints of geographical space. For example, with computers, writers prepare text for publishing, composers synthesize music, and designers shape products, all at their desk tops. At the same time, through global networks, teams of creators from the four corners of the earth can collaborate instantaneously with each other.[156] With these media, creation and dissemination can interact more closely: users can download, exchange, and rework materials among themselves, and resulting derivative works can be fed back into niche markets. For example, in the case of *Duke Nuke'm*, a computer game was sold to users who, in turn, became authors in creating variations on the game that they reposted on the manufacturer's website.[157]

These media shifts "will take time, because cultural expectations and technical capacities interact in delicate chemistry."[158] We shall assume that the media will form variegated mixes in the near future, just as personal cars and mass transport do from region to region. For example, the media will make available hard copies, live performances, broadcasting and cable-casting as well as online transmissions on demand, websites fully open to the public or only to groups, person-to-group or person-to-person electronic mailings, etc. While most users might most often go through

(1998) *and* 9 DUKE J. INT'L & COMP. L. 69 (1998) [hereinafter Geller, *From Patchwork to Network*] (drawing and illustrating this distinction).

155 *See* W. RUSSELL NEUMAN, THE FUTURE OF THE MASS AUDIENCE 48-74 *passim* (1991); NATIONAL RESEARCH COUNCIL, *supra* note 153, at 11-22.

156 *See, e.g.*, Peggy M. Irish & Randall H. Trigg, *Supporting Collaboration in Hypermedia: Issues and Experiences, in* THE SOCIETY OF TEXT: HYPERTEXT, HYPERMEDIA, AND THE SOCIAL CONSTRUCTION OF INFORMATION 90 (Edward Barrett ed., 1989) (analyzing existing technologies); Carl Tollander, *Collaborative Engines for Multiparticipant Cyberspaces, in* CYBERSPACE: FIRST STEPS 303 (Michael Benedikt ed., 1992) (anticipating future systems).

157 Suit was brought when a pirate copied and resold the users' variations on the game, which the court held to be derivative works relative to the original game, so that the manufacturer could sue the pirate directly. Micro Star v. FormGen Inc., 154 F.3d 1107 (9th Cir. 1998).

158 NEUMAN, *supra* note 155, at 174.

dominant portals before fanning out to specific sites on the World Wide Web, increasing numbers will communicate as self-standing Internet nodes.[159]

2. Different Stakes for Different Players

In a patchwork world, free-riding and feed-back occur in geographic spaces with more or less limited access. Copies circulate, for example, in schools, offices, local markets, etc., and performances are made in classrooms, cafés or restaurants, theaters, etc. In global networks, the problem of free-riding is raised with new acuity, just as feed-back is promised in greater volume and diversity. Fences that channel data flows in cyberspace can fail in ways that range from the subtle to the obvious. Works might leak within an intranet; they might hemorrhage from a well-trafficked website. Eventually, redissemination will tend to be global.[160]

Such risks threaten different players' interests differently. To start, consider an example economically, but not necessarily culturally, modest. Suppose that a little-known poet, publishing her work in an esoteric print review, found her texts scanned into a computer and posted on a website without her consent. The poet, interested initially in wide dissemination but not necessarily profits, might not mind as long as her texts were not modified and her authorship conspicuously recognized. But changes in the text and misattribution of authorship would not only rankle the author's sensibilities but distort her contribution to culture. Suppose, further, that a star singer adapts the poem into the lyrics of a popular song exploited at great profit, in live performances, sound recordings, and online. The poet may then assert her copyright and author's rights to obtain royalties and respect for her authorship and work.[161]

With that example in mind, imagine works along a wide spectrum with many dimensions. One dimension represents the capital needed to produce any given work: our hypothetical poem would fall on the low end;

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159 It remains to be seen whether such nodes will be capable of anonymously inputting into the Internet or whether each user will be identifiable by biometric or software coding. *See* LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE, ch. 4 (1999).

160 *See generally* Dan L. Burk, *Virtual Exit in the Global Information Economy*, 73 CHI.-KENT L. REV. 943, 948-61 (1998) (contrasting "physical" barriers tending "to keep the effect of piracy localized" in geographical space with "porous" borders in cyberspace).

161 It is profitable piracy that makes suing most feasible. In cases where a judgment-proof pirate takes another's work for non-commercial purposes, an infringement action becomes less economically viable. *See, e.g.*, NEAL BOWERS, WORDS FOR THE TAKING: THE HUNT FOR A PLAGIARIST (1997) (telling the frustrating tale of seeking remedy for the taking of poetry for petty, personal reasons).

an epic motion picture or a computer-operating system, toward the high end. Another dimension is pricing: while works marketed in hard copies, like other industrial products, tended to be priced uniformly, works marketed on the Internet can be priced differentially.[162] For example, our hypothetical poet might well be interested in making her texts available gratuitously on their own, but not as lyrics of someone else's song, while the producer of an epic motion picture might set a high price for accessing this work upon its initial release, gradually decreasing this price as the market is saturated. A further dimension represents the different market elasticities of aesthetic and functional works: a videogame enthusiast might collect a number of games for their varying challenges and aesthetic appeals, but even an editor normally needs but a couple of word-processors, since all of them function more or less in similar fashions.[163]

Within this framework, preventing piracy, finding it, and stopping it call for various solutions. Non-copyright methods, for example, maintaining ongoing, but controlled service relations, might be tried to finesse such tasks.[164] To return to our examples, the poet could digitally watermark her text if she put it online herself, or the producer could encrypt and market the epic motion picture online through a contractually and technologically controlled delivery system.[165] Unfortunately, not only can technological safeguards be disabled with enough time and effort, but once protected materials are released into cyberspace, they tend to migrate uncontrollably across that space. For glory, a wild-cat hacker might decrypt a work, perhaps alter it, exchange it in chat rooms, or post it for the public;[166] by contrast, to maximize profits, a commercial pirate will be drawn into the open marketplace. Recall how the royal police in the seventeenth and eighteenth centuries could not stop smugglers of pirated editions who crossed long French land borders and peddlers of such materials who

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162 *See* Egbert J. Dommering, *Copyright Being Washed Away through the Electronic Sieve: Some Thoughts on the Impending Copyright Crisis*, *in* THE FUTURE OF COPYRIGHT, *supra* note 150, at 1, 10.

163 *See supra* text accompanying notes 130-32.

164 *See generally* CARL SHAPIRO & HAL R. VARIAN, INFORMATION RULES: A STRATEGIC GUIDE TO THE NETWORK ECONOMY, chs. 3-4 (1998) (exploring various options).

165 *See, e.g.*, Charles Clark, *The Answer to the Machine is in the Machine*, *in* THE FUTURE OF COPYRIGHT, *supra* note 150, at 139; Mark Stefik, *Shifting the Possible: How Trusted Systems and Digital Property Rights Challenge Us to Rethink Digital Publishing*, 12 BERKELEY TECH. L.J. 137 (1997) (both explaining different models of such delivery systems).

166 *Cf.* Declan McCullagh, *DVD Lawyers Make Secret Public*, WIRED NEWS, Jan. 26, 2000, at <http://www.wired.com/news/politics/0,1283,33922,00.html> (visited Jan. 27, 2000) (reporting on suit against the public posting of the present D.V.D. decryption code).

roamed French provinces.[167] Similarly, it might prove more difficult to stop hackers striking from the obscure corners of cyberspace, as well as users sharing works on intranets, than pirates who deal on the Internet openly. In any event, trade organizations and special services are developing new tools for surveying cyberspace and new forms of self-help to deal with network piracy.[168]

Digitally networked media are bringing far-reaching changes in the marketplace. Previously, media enterprises produced and distributed works on hard copies, or they staged, screened, or broadcast works to passive audiences. Now, authors at their own computers, as well as media enterprises, can deliver works on the Internet on demand and in forms that users can interactively vary. The risks of free-riding, whether they arise from wild-cat hacking or commercial Internet piracy, represent just one of the many sets of factors that will enter into such market changes. For example, we may ask whether such risks might not chill investment in highly capitalized works, such as epic motion pictures, or restrict initial releases to channels, such as theatrical showings, less vulnerable to piracy.[169] Copyright law will still have a role to play if it can facilitate greater feed-back of cultural materials on the Internet by securing it as a reliable media marketplace, reasonably free of piracy. Let us look at some of the issues that lawmakers will accordingly face.

B. What Rights are Optimal for Mixed Media?

Copyright arose in response to print media. It was expanded to adapt to a patchwork of markets worldwide as the media became more powerful.[170] How might copyright lawmaking now best respond to digitally networked media? This question raises issues that cannot be answered without also reconsidering which decision-makers should resolve the issues and how. New players, such as Internet system-operators and users, now add their voices to those of traditional lawmakers, such as legislators and treaty-makers as well as judges.[171] We shall here consider, under the successive headings of copyright contracts, harmonization, and scope,

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[167] *See supra* text accompanying note 65.

[168] *See, e.g.,* Chris Oakes, *Stamping Out Pirated Tunes*, WIRED NEWS, Jan. 29, 2000, at <http://www.wired.com/news/technology/0,1282,33940,00.html> (visited Jan. 31, 2000) (reporting on a service which tracks the Internet and negotiates the take-down of infringing materials with service providers).

[169] *Cf.* Schuyler M. Moore, *Internet Distribution of Films Presents Problems and Possibilities*, AFMA INDEPENDENT, Nov./Dec. 1999, at 1, 6 (predicting that theatrical release will continue as the first phase of film exploitation even after Internet exploitation cannibalizes video and pay-TV windows).

[170] *See supra* text accompanying notes 119-148.

[171] *See* Joel Reidenberg, *Governing Networks and Rule-Making in Cyberspace, in* BORDERS IN CYBERSPACE: INFORMATION POLICY AND THE GLOBAL INFOR-

some of the copyright issues that system-operators and users, legislators and treaty-makers, and judges might respectively face in the near future.

1. Bootstrapping Copyright with Contract

Copyright decentralized power over creative contents. Individual authors could then contractually convey their rights to media enterprises that catered to the public.[172] But neither authors nor media enterprises typically had contractual relations directly with their publics, beyond the sale of hard copies or of tickets to performances. It remains to be seen to what extent the shift from patchwork to network takes decentralization a step further in allowing authors and media enterprises to contract more directly and elaborately with users. Risks of increased free-riding on creative contents available on the Internet seem to call for ingenuity in devising contractual and technological "fences" for such contents.[173] At the same time, promises of increased feed-back of such contents, enhancing culture and creativity, might be frustrated by just such fences. Hence the issue: *To what extent should online contracting with users complement or supersede copyright to control the ultimate uses of works?*

To understand online contracting, we need to draw a pair of distinctions that cut across each other. Distinguish, to start, between legal and program rules and, then, between surface and background rules.[174] Suppose, for example, that you want to hear music marketed online in encrypted form and to pay by credit card for access in decrypted form. Legal rules arise out of the contract that governs delivery of the music, notably imposing a debt on you to pay for access, while program rules encrypt and decrypt data, verify your credit-card number, etc. Surface rules are those of which you are normally aware, for example, the legal rule that manifesting assent to the deal creates a debt and the program rule that single or double clicking triggers a software step. Background rules are those of which non-expert users are not normally aware, for example, the underlying contract law that may give effect to the standard form or the algorithms that govern encryption. These rules interact with each other, as well as with other factors, such as market constraints, to generate ultimate results.[175]

MATION INFRASTRUCTURE 84, 96-100 (Brian Kahin & Charles Nesson eds., 1997) [hereinafter BORDERS IN CYBERSPACE].

[172] *See supra* text accompanying notes 97-112.

[173] *See* Ejan Mackaay, *The Economics of Emergent Property Regimes on the Internet*, *in* THE FUTURE OF COPYRIGHT, *supra* note 150, at 13.

[174] For further analysis, see Geller, *From Patchwork to Network*, *supra* note 154, 31 VAND. J. TRANSNAT'L L. at 561-63 *and* 9 DUKE J. INT'L & COMP. L. at 76-78.

[175] For further analysis of this interaction, see LESSIG, *supra* note 159, ch. 7.

Online contracting raises key issues of standard forms. Most users do not often fully read contracts proposed to them on the World Wide Web, but they quickly click on "Yes, I agree" or like buttons to download works they seek. It might well seem a futile gesture to the users to struggle through contract language which, in tandem with underlying law,[176] is so technical that they could not knowingly assent to it without hiring expensive legal counsel. Further, on its face, this language might not fully explain to users how the legal rules it sets out will have effects against the background of program rules that run the computer-driven systems delivering works to them. Moreover, different enterprises will propose different standard terms, thus burdening the public with a plethora of legal rules and further obscuring the overall relation of the law to program rules.[177] Finally, users might have no reasonable alternatives to such standard terms, for example, when updating an almost universally used operating system. The purported contract might then be challenged as adhesive, that is, without fully informed and freely negotiated assent. Rather than not enforce contractual terms without effective assent, courts best reconstrue them in the light of public policy.[178]

The U.S. Supreme Court has ruled that contractual rules may not be allowed to frustrate the policies behind the constitutional mandate for copyright and patent laws.[179] In scrutinizing copyright contracts, it then becomes necessary to assess the extent to which enforcing their terms might impair copyright policies at stake in given cases. For example, the U.S. defense of fair use excuses a miscellany of copyright uses that range

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176 Once enacted, the pending Uniform Computer Information Transaction Act (UCITA), previously the U.C.C. Article 2B, would form one such underlying law. For different perspectives and further references, see <http://www.2bguide.com> (visited Feb. 5, 2000); <http://www.4cite.org> (visited Feb. 5, 2000); <http://www.nccusl.org/pressrel/UCITAQA.HTM> (visited Feb. 5, 2000).

177 *Cf.* Niva Elkin-Koren, *Copyrights in Cyberspace — Rights without Laws*, 73 CHI.-KENT L. REV. 1155, 1195-97 (1998) (critiquing reliance on contractual processes as generating a "multiplicity of horizontal rights with no clear hierarchy between them").

178 *See* W. DAVID SLAWSON, BINDING PROMISES: THE LATE 20TH-CENTURY REFORMATION OF CONTRACT LAW 65-67, 90-103 (1996).

179 *See generally* Lear, Inc. v. Adkins, 395 U.S. 653, 673 (1969). In this case, the Supreme Court reversed a California contract ruling which threatened to restrict the public domain. Contractual terms can limit Internet access to public-domain works, just as they do now for hard copies. For example, contractual terms, eminently reasonable in tenor, controlled the copying of museum-quality transparencies of public-domain works in the exhibits of *Hiroshige v. Van Gogh*, *supra* note 125. It remains to be seen whether antitrust or copyright analysis best responds to overreaching restrictions on Internet access to public-domain materials.

from parody to private copying, while other copyright laws exempt more specifically defined uses.[180] It only obfuscates matters to ask whether or not, generally, the defense of fair use may be contractually waived, since the diverse uses excused by this defense are based on policy grounds of widely varying force. On the one hand, the case seems strong for disallowing the contractual waiver of such fair use or related defenses as permit users to transform works creatively, for example, into parodies. Not only are such uses supported by copyright policies of encouraging creativity, but they may be privileged on the basis of constitutional assurances of free expression.[181] On the other hand, it is harder to argue against the contractual waiver of such exemptions, notably for private copying, as minimize transactions costs. Policy reasons for excusing such uses become weaker where online contracting itself reduces transactions costs.[182]

Accordingly, analysis has to consider both contractual or related defects and copyright or related policies.[183] To the extent that such defects vitiate assent to given contractual terms, a clash between these terms and weaker policies may justify reconstruing the terms in question. Even absent such defects, any clash between the contractual terms and stronger, constitutionally mandated policies may suffice to compel reconstruing the terms. But, here, we need to ask just how online contracts can be enforced: suppose, for example, that the contractual language at issue forbids

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180 *Compare* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05, at 13-150 (Rel. 48, 1999) (emphasizing the "malleability of fair use"), *with* 2 PAUL GOLDSTEIN, COPYRIGHT § 10.1.3, at 10:9 (2d ed. 2000) (seeking to unify analysis in terms of "transactions costs"). For comparisons of U.S. fair use with European approaches, see ALAI STUDY DAYS, CAMBRIDGE 1998: THE BOUNDARIES OF COPYRIGHT: ITS PROPER LIMITATIONS AND EXCEPTIONS (Libby Baulch et al. eds, 1999).

181 *Compare* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994) (holding that parody may be excused as fair use even upon showing of economic harm), *and* the *Alcolix* decision, Bundesgerichtshof (Supreme Court, Germany), March 11, 1993, 1994 GRUR 206, *translated in* 25 I.I.C. 605, 609 (1994) (excusing parody as free utilization while referring to constitutionally mandated "freedom of art").

182 *See* Tom W. Bell, *Fair Use vs. Fared Use: The Impact of Automated Rights Management on Copyright's Fair Use Doctrine*, 76 N.C. L. REV. 557, 581-96 (1998). For analysis of European developments, see Thomas Heide, *Access Control and Innovation under the EU Electronic Commerce Framework*, *in* 2000 MOLENGRAFICA EUROPEES PRIVAATRECHT 65 (K. Boele-Woelki & F.W. Grosheide eds.).

183 For distinct frameworks of analysis, see Raymond T. Nimmer, *Breaking Barriers: The Relation Between Contract and Intellectual Property Law*, 13 BERKELEY TECH. L.J. 827 (1998); J.H. Reichman & Jonathan A. Franklin, *Privately Legislated Intellectual Property Rights: Reconciling Freedom of Contract with Public Good Uses of Information*, 147 U. PENN. L. REV. 875 (1999).

users in the mass market from making copies of downloaded material for intimate friends or colleagues. It might prove possible to so calibrate legal and program rules, specifically contractual provisions and delivery systems, that such uses are disabled or at least monitored by electronic self-help measures.[184] Nonetheless, the basic structure of the issues remains unchanged: Has the user validly assented to such far-reaching controls? The contractual question might well turn on the level at which technological controls are exercised. It is up to the party transmitting a work or other data to decide whether to put it in a copy-protected packet. It is quite another matter to control or monitor uses or copying at the level of the users' terminal. There, privacy issues might be raised.[185]

There is another realm in which rules may be made. Entire systems of legal and program rules come into play in any given online service. System-operators propose rules, while users dispose, voting with their fingers, in clicking onto a service or not. One argument would give system-operators great discretion here, relying on users to choose which sets of rules are best for their purposes and allowing the rules most-often chosen to dominate on the marketplace.[186] A recent incident illustrates the possible give and take between system-operators and users: Yahoo incorporated terms into its standard contract of service that, *inter alia*, purported to appropriate the copyrights that its users held in websites they had created, only to encounter and give in to the users' protests against such terms.[187] Thus, at a minimum, assuming rough parity of bargaining power between systems and users, the interaction between system-operators and users might help to settle some of the issues already raised with regard to contract and copyright. Nonetheless, for users to choose systems meaningfully and without adhesion, they need to have adequate notice of each system's pro-

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[184] *See supra* text accompanying note 165. Copyright and contract remedies generally differ, most notably with regard to injunctive relief. On how the scope of copyright turns on such remedies, see *infra* text accompanying notes 238-49. Thus it may be asked whether contract terms and law allow for appropriate remedies, whether at the level of self-help or in court, relative to copyright remedies. For diverse analyses, see Kenneth W. Dam, *Self-Help in the Digital Jungle*, 28 J. LEGAL STUD. 393, 403-10 (1999); Julie E. Cohen, *Copyright and the Jurisprudence of Self-Help*, 13 BERKELEY TECH. L.J. 1089 (1998).

[185] *See, e.g.,* Michel Marriott, *It's Not Big Brother, It's Customer Service,* N.Y. TIMES, Jan. 27, 2000, at D1, at <http://www.nytimes.com/library/tech/00/01/circuits/articles/27serv.html> (visited Jan. 27, 2000) (asking when tracking users on Web violates privacy). For further analysis, see Pamela Samuelson, *Privacy As Intellectual Property?*, 52 STAN. L. REV. 1125 (2000).

[186] *See* David Johnson & David Post, *The Rise of Law on the Global Network*, *in* BORDERS IN CYBERSPACE, *supra* note 171, at 3.

[187] For further information, see <http://come.to/boycottyahoo> (visited Feb. 5, 2000).

posed rules and reasonable alternatives that to some extent compete with each other for their assent.[188]

In another type of case, system-operators will have to make hard, but instructive choices for network rule-making. Most Internet services, straddling a patchwork of borders, will be arguably subject to the laws of a number of jurisdictions. The attempt to enact uniform contract law for information licensing online in the United States has indeed been haunted by the prospect that contract laws abroad would not follow suit.[189] The proposed E.C. directive on electronic commerce certainly contemplates a more skeletal framework for online contracting, at least at the level of mass-market transactions.[190] Pending global harmonization, there is the option of trying to impose choice-of-law clauses on such transactions, but home courts for users may reject that ploy. More securely, contract forms could be drafted to satisfy the underlying contract principles of multiple jurisdictions addressed online.[191]

2. *Harmonizing and Simplifying Rules*

Complex, centralized systems of rules and police measures applied to the book trade before copyright, but they ultimately proved anachronistic for governing print.[192] National legislators replaced these mercantilist regimes with simple, decentralized private rights, namely classic copyright accorded to authors, but legislation has since become progressively more complex in the field.[193] With some lag in time, international treaties, starting with the Berne Convention, have harmonized copyright laws in simple

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188 *See supra* text accompanying note 178.

189 *See generally* Raymond T. Nimmer, *Licensing on the Global Information Infrastructure: Disharmony in Cyberspace*, 16 Nw. J. Int'l L. & Bus. 224, 235-47 (1995) (noting conflicts of laws, as well as varying standards for consumer and commercial contracts, in the electronic licensing of intellectual property). For European points of view, see F.W. Grosheide, *Mass-Market Exploitation of Digital Information by the Use of Shrink-Wrap and Click-Wrap Licenses: A Dutch Perspective on Article 2B UCC*, 1998 Molengrafica Europees Privaatrecht 263 (K. Boele-Woelki & F.W. Grosheide eds); François Dessemontet, *Contracting and Licensing on the Net*, *in* Festkrift till Gunnar Karnell 111 (Lars Gorton et al. eds., 1999).

190 *See* Amended proposal for a European Parliament and Council Directive on certain legal aspects of electronic commerce in the Internal Market (Doc. 599PC0427, Sept. 6, 1999), arts. 9-11 [hereinafter Proposal for European Directive on electronic commerce], at <http://europa.eu.int/eur-lex/en/com/dat/1999/en_599PC0427.html> (visited Feb. 5, 2000).

191 For further analysis, see Geller, *From Patchwork to Network*, *supra* note 154, 31 Vand. J. Transnat'l L. at 573-74 *and* 9 Duke J. Int'l & Comp. L. at 88-89.

192 *See supra* text accompanying notes 63-71.

193 *See supra* text accompanying notes 89-109.

terms that obligate all treaty countries to grant minimum rights, for example, to control reproducing and broadcasting works.[194] Nonetheless, the patchwork of national laws, even as partially harmonized by treaty over the last century, now seems anachronistic for governing copyright in global networks. This shift from patchwork to network raises the issue: *How much further, and with regard to which issues, should copyright be harmonized and, perhaps, simplified?*

Consider how harmonization might impact on Internet participants, from authors and media enterprises to individual users. For this purpose, return to the distinctions both between legal and program rules and between surface and background rules.[195] Harmonization need not make all such rules globally uniform at all Internet levels; rather, it need only optimize the coherence of these rules among themselves, as well as with overriding policies. Such coherence would assure that participants, once engaged in network transactions, not face unpleasant surprises down the line in the form of unfair or counter-productive complications. In particular, the harmonization of copyright and related laws now becomes important for Internet participants whose network transactions can easily have legal effects worldwide.[196] Such harmonization would assure that some basic set of copyright rules normally leads to reasonably expected consequences for participants throughout global networks. The legally and technologically complex background of the Internet would then only trouble such participants in rare, unavoidably hard cases.

This aim runs counter to trends in modern lawmaking. Lawmakers tend to make increasingly complex rules in increasingly technical terms. These rules often represent complicated compromises between divergent demands of different groups in pluralistic societies.[197] Furthermore, nation-states typically legislate to solve locally defined problems: for example, in the field of copyright, they accommodate local authors, media, and users. National legislators tend to overload international legal structures with endemically differentiated domestic laws that make it difficult to operate in global networks simply and sensibly. Copyright is no exception, as the overwrought and technical drafting of the most recent U.S. legislation, the Digital Millennium Copyright Act, so richly and regrettably illus-

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194 *See supra* text accompanying notes 144-48.

195 *See supra* text accompanying notes 174-75.

196 *See supra* text accompanying notes 154-60.

197 *See* HABERMAS, *supra* note 62, at 229-33; *also* JÜRGEN HABERMAS, BETWEEN FACTS AND NORMS: CONTRIBUTIONS TO A DISCOURSE THEORY OF LAW AND DEMOCRACY 334-59 (William Rehg trans., 1996) (critiquing theory that finds resulting hyperregulation to be inevitable).

trates.[198] Unfortunately, the more complicated the machine, the more likely it is to break down, and the Digital Millennium Copyright Act threatens to call for judicial fixes at manifold points.[199] Nor does implementing the WIPO Treaties, as this act did, necessarily call for such complexity: other countries have succeeded in drafting simpler provisions for this purpose.[200] It is also not clear how provisions of this act applicable to online transactions, usually global in extent, are to have effect outside U.S. territory.[201]

Another source of legal complexity, prompting harmonization, lies in conflicts of laws. Laws have been assumed to be the creatures of sovereign states, effective on their respective territories, but laws enter into conflicts when transactions they govern cross borders.[202] To the present, in most cases arising inside a patchwork of jurisdictions, courts easily localized infringing hard copies or live performances within local markets, and they then simply applied the laws of their own home jurisdictions to the infringement at hand. Now, transactions cross many borders almost simultaneously in a global network; however, applying the law of any one of the many jurisdictions encompassed by the network risks imposing the local policies behind that law on all these other jurisdictions, even though they might have quite different policies at stake in the choice of laws at issue.[203] Furthermore, approaches to resolving conflicts of laws differ considerably between courts in the United States, that functionally resolve conflicts according to multi-factor policy analyses, and courts in Continental Europe that apply categorical choice-of-law rules.[204] All these uncertainties espe-

198 Pub. L. 105-304, 112 Stat. 2860. *Cf.* A. Michael Froomkin, *2B as Legal Software for Electronic Contracting — Operating System or Trojan Horse?*, 13 BERKELEY TECH. L.J. 1023, 1024 (1998) (comparing drafts of U.C.C. Article 2B to test versions of complex software).

199 For examples, see David Nimmer, *Puzzles of the Digital Millennium Copyright Act*, 46 J. COPR. SOC'Y 401 (1999).

200 *See, e.g.*, Otto B. Licks, *Brazil* § 8[1][a][ii], *in* 1 INTERNATIONAL COPYRIGHT LAW AND PRACTICE at BRA-46 (Paul Edward Geller ed., 1999) [hereinafter INT'L COPR. LAW & PRACTICE] (glossing Brazilian statute which concisely provides for remedies against both circumventing copy-protection systems and tampering with rights-management information).

201 *See, e.g.*, 17 U.S.C. § 512(j)(1)(B)(ii) (Supp. IV 1998) (empowering U.S. courts to block access to off-shore servers, but without stating whether U.S. access must be shown to obtain an injunction).

202 Note that courts, confronted by infringement, cannot finesse conflicts of laws as can private parties who, in contracting, may stipulate to having a given law apply to their transactions. *See supra* text accompanying notes 191.

203 For a framework of analysis in a global context, see Paul Edward Geller, *International Copyright: An Introduction* § 3[1][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 200, at INT-46 to INT-59.

204 For overviews, see 1 AMERICAN LAW INSTITUTE, RESTATEMENT (SECOND) OF CONFLICT OF LAWS, ch. 7, topic 1, Introductory Note, 412-13 (1971); Paul

cially affect enterprises whose assets and transactions fall into many jurisdictions at once, potentially exposing them to different choices of law depending on where they are sued.[205]

Nation-states end up generating an increasingly complex patchwork of laws that do not apply reliably in global networks. In the face of resulting hyperregulation, further aggravated by conflicts of laws, there are understandable calls for "simple rules for a complex world."[206] Now, to the extent that harmonization results in similar laws worldwide, it will lead courts to rule the same ways in similar cases, thus mooting conflicts of laws.[207] The Berne Convention and related treaties have already developed an approach to moving toward that end in the field of copyright, namely by imposing minimum rights. In the cauldron of diplomatic conferences, treaty language is forged that overlays national hyperregulation with concise international rules governing minimum rights that are intended to be comprehensible to diverse legal cultures.[208] Berne and related treaty language has also remained relatively open-ended, leaving to treaty countries the lawmaking or adjudicatory discretion that may come into play in hard cases: accordingly, results remain relatively predictable, even with some room for local differentiation in hard cases.[209] Most notably, minimum rights are formulated with fair precision, but limitations may vary: for example, the Berne Convention confirms a right of reproduction "in any manner or form," while limitations and exceptions to the right are subject to flexible criteria of "normal exploitation" and "legitimate interests."[210]

Arguments could be raised against harmonization. The nineteenth century gave rise to the Romantic premise that copyright laws, varying

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Edward Geller, *Conflicts of Laws in Cyberspace: Rethinking International Copyright*, 20 COLUM.-VLA J. LAW & ARTS 571, 574-78 (1996), *in more concise versions in* THE FUTURE OF COPYRIGHT, *supra* note 150, at 29-32; 44 J. COPR. SOC'Y 103, 104-07 (1996).

205 *See* Peter P. Swire, *Of Elephants, Mice, and Privacy: International Choice of Law and the Internet*, 32 INT'L LAW. 991, 1019-25 (1998).

206 For this goal, see RICHARD A. EPSTEIN, SIMPLE RULES FOR A COMPLEX WORLD, ch. 1 (1995).

207 *Cf.* Jack L. Goldsmith, *Against Cyberanarchy*, 65 U. CHI. L. REV. 1199, 1230-31 (1998) (contemplating a variety of legal and self-help regimes in cyberspace, but admitting that these "techniques will not resolve all conflict of laws in cyberspace" without harmonization).

208 *See supra* text accompanying notes 144-48.

209 *See generally* WILLY HOFFMANN, DIE BERNER UEBEREINKUNFT ZUM SCHUTZE VON WERKEN DER LITERATUR UND KUNST 12-14 (1935) (distinguishing different degrees to which minimum rights are open-ended).

210 *See* Berne Convention, *supra* note 139, art. 9; *also* TRIPs Agreement, *supra* note 147, art. 13 (extending these criteria to all copyright limitations and exceptions).

from country to country, might better nurture different home cultures.[211] To the extent that this premise is correct, it is possible to argue that, in harmonizing copyright laws, we would lose nation-states as so many test-beds for experimenting with copyright laws. Another pluralistic argument stresses that, in a patchwork of lawmaking jurisdictions, all may serve as so many test-beds for novel legislation, and the majority may adopt rules that initially prove optimal in a minority of jurisdictions.[212] Both test-bed arguments in theory presuppose that significant experimentation in fact goes on locally; however, in practice, national revisions of copyright laws often display little more than institutional inertia, eccentric compromises between local interests, and the ingrown biases of provincial cultures. Admittedly, in the course of this century, some national enactments have clearly been international trend-setters, for example, the Italian copyright statute of 1941 and German legislative developments from the 1960s through the 1980s.[213] But such innovations responded to issues that the conventions had not yet clearly addressed, either because treaty language lagged behind media progress or, as just mentioned, because it was open-ended.[214]

It is now possible to experiment with new rules on other test-beds, notably in network systems. Consider the proposed European directive now pending to harmonize laws concerning electronic commerce. It contemplates broad parameters in which private parties would be prompted to set up their own systems of online contracting, self-regulation, etc., effectively network-system rules.[215] This prospect recalls issues which have already been discussed in the context of online contracting, where media enterprises might impose such system rules in contracting with users.[216]

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211 *See* SHERMAN & BENTLY, *supra* note 66, at 214-15.

212 *See* David G. Post & David R. Johnson, *"Chaos Prevailing on Every Continent": Towards a New Theory of Decentralized Decision-Making in Complex Systems*, 73 CHI.-KENT L. REV. 1055, 1078-93 (1998); *also* Dan L. Burk, *supra* note 160, at 972-95 (favoring mix of local experimentation and global harmonization).

213 *Compare* Mario Fabiani, *Italy* § 1[1], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 200, at ITA-6 ("The Copyright Act, from its initial enactment in 1941, was a pioneer in granting others besides authors, most notably performers and media producers, what the Act called 'connected rights' [*diritti connessi*] but are now internationally called 'neighboring rights'."), *and* Adolf Dietz, *Germany* § 1[1], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 200, at GER-18 to GER-19 ("The German legislators, complementing the usual remedies and sanctions for direct copyright infringement, have indeed developed new mechanisms for remunerating rights-holders for subtle, but widespread uses of works and other media productions.").

214 *See supra* text accompanying notes 209-10.

215 *See* Proposal for European Directive on electronic commerce, *supra* note 190, Recitals 6, 12-14, and 16-17.

216 *See supra* text accompanying notes 186-91.

For example, to respond to Internet piracy, European system-operators may voluntarily set up notice-and-takedown procedures like those which statute establishes in the United States.[217] Such procedures allow a copyright claimant to notify a system-operator to have access blocked to allegedly infringing material, after which the user posting the material may give a counter-notification to contest the claim of infringement, thus possibly throwing the matter into court.[218] It is, however, important that any such scheme not appear as a hypertechnical piece of legal machinery to lay users: if afraid of being caught in its procedural gears, such users might not readily challenge the takedown of non-piratical materials they post.[219]

Problems also arise in connection with coordinating legal and program rules globally. For example, international arrangements that are not treaties, but rather initiatives taken by private industry and by public entities, such as the I.T.U., set technical standards for network systems.[220] A private-public initiative has given birth to the ICANN, which administers the registration of domain names worldwide and for which WIPO runs dispute-settlement procedures.[221] Consider, hypothetically, a private-public initiative to organize notice-and-takedown procedures for copyright worldwide: it would encounter the claims of users who, posting copyright

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217 *See generally* Kamiel Koelman & Bernt Hugenholtz, *Online Service Provider Liability for Copyright Infringement*, WIPO Doc. OSP/LIA/1 Rev. 1 (Nov. 22, 1999), *in* Workshop on Service Provider Liability, Dec. 9-10, 1999, at <http://www.wipo.int/eng/meetings/1999/osp/index.htm> (visited Feb. 5, 2000) [hereinafter WIPO Workshop on Liability] (comparing European and U.S. approaches at doctrinal and legislative levels). *See, e.g.*, Nils Bortloff & Janet Henderson, *Notice and Take-Down Agreements in Practice in Europe — Views from the Internet Service Provider and Telecommunications Industries and the Recording Industry*, OSP/LIA/3 (Dec. 1, 1999), *in* WIPO Workshop on Liability, *supra* note 217 (explaining how voluntary European arrangements are working in practice).

218 *See generally* Batur Oktay & Greg Wrenn, *A Look Back at the Notice-Takedown Provisions of the U.S. Digital Millennium Copyright Act One Year After Enactment*, OSP/LIA/2 (Dec. 1, 1999) *in* WIPO Workshop on Liability, *supra* note 217 (explaining U.S. legislative scheme and how it is working in practice).

219 *See, e.g.*, Bortloff & Henderson, *in* WIPO Workshop on Liability, *supra* note 217, at 32; Oktay & Wrenn, *in* WIPO Workshop on Liability, *supra* note 217, at 17 (both indicating that users tend to be reluctant to challenge the take-down of even defensible postings, especially when their legal resources do not match those of claimants).

220 *Cf.* SHAPIRO & VARIAN, *supra* note 164, at 237-38 (contrasting formal standard-setting arrangements with practices).

221 For an overview, see WIPO, *Final Report of the WIPO Internet Domain Name Process*, April 30, 1999, WIPO Publication No. 92-805-0779-6, at <http://ecommerce.wipo.int/domains/process/eng/processhome.html> (visited Feb. 5, 2000).

materials on the World Wide Web, arguably benefit from widely varying limitations and exceptions to use works under different laws. For example, should a user posting such materials from a terminal or via a server in the United States, but accessible worldwide, be able to invoke the U.S. defense of fair use, which is broader than copyright limitations and exceptions elsewhere?[222] More generally, since all such private-public initiatives are mutant creatures in the international regime, it remains unclear how best to interface them with the time-tested legislative and treaty components of this regime.[223]

3. Limiting Scope through Remedies

In the last two centuries, copyright has grown in scope. In particular, new economic rights and moral rights have been recognized.[224] This expansion of scope has helped culture industries respond to risks to their investments in mass markets, and authors to risks to their reputations and creative control in such markets. In the shift from patchwork to network, conditions of production and exploitation are once again changing rapidly and profoundly, as computers facilitate, for example, desk-top creation, self-publishing, niche marketing, etc.[225] The scope of rights, often defined in terms of theoretical distinctions, for example, between private and public communication, idea and expression, aesthetic form and technological function, etc., can be assessed by looking to remedies that, in practice, judges have to provide for rights. Indeed, precisely in delimiting such scope, judges reach the outer limits of harmonization, since they have to vary the construction and enforcement of minimum rights according to fact-intensive considerations.[226] Thus, with far-reaching changes in the media, the perennial issue arises anew: *How to refashion the scope of copyright, not only in redefining either rights or limitations, but ultimately in recrafting corresponding remedies?*

The scope of copyright tends to expand to the margins of the public marketplace. We noted the seminal example of French authors who, in the nineteenth century, organized to obtain royalties for the gratuitous

222 *See supra* text accompanying note 180.

223 For further analysis, see Paul Edward Geller, *From Patchwork to Network*, *supra* note 154, 31 VAND. J. TRANSNAT'L L. at 570-72 *and* 9 DUKE J. INT'L & COMP. L. at 86-88.

224 *See supra* text accompanying notes 123-32.

225 *See supra* text accompanying notes 154-59.

226 *See generally* Geller, *Transplants*, *supra* note 148, at 219-29 (distinguishing between rules best developed and applied with judicial discretion and rules best harmonized in treaties and legislation). *See, e.g.*, Berne Convention, *supra* note 139, art. 6*bis*(3) (declaring that the "means of redress for safeguarding" minimum moral rights are up to the discretion of the protecting country).

performance of their works live in public places like restaurants and cafés.[227] In the twentieth century, rights have been extended to the broadcasting and retransmission of works to the public, and now the WIPO Treaties confirm the right of public communication, which further extends to "the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them."[228] It may be clear that this right precludes communicating a work to a public made up of thousands of people at different times and places, but it remains unclear as to how small a group it precludes access.[229] The right would not seem applicable to attaching a work to electronic mail sent to one person. But what about addressing the file to a hundred members of a closed list-service? Circulating it within a confidential intranet accessible only to employees of a firm? Displaying it on a website open only to users armed with passwords? The WIPO Treaties do not draw lines between private and public here. They rather leave the matter to national legislation or judge-made law.[230]

These questions implicate distinctions between reproduction rights and performance rights.[231] Legal doctrine has traditionally contrasted making and distributing fixed "material" copies with communicating volatile "immaterial" forms of works. But these metaphysical terms only obfuscate what copyright owners put at stake in the marketplace in exercising rights relative to such hard or virtual copies. Previously, possessing a reproduction enabled users to access a work from that copy repeatedly, but a performance was a one-time affair: you could miss it if you were late to the show. To make this point, one commentator aptly evoked the first lines of the song *Alexander's Rag Time Band*: "Please, honey, don't be late, I want to be there when the band starts playing."[232] However, this distinction has broken down: for example, publicly selling a video recording of a film might have much the same market impact as

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227 *See supra* text accompanying note 119.

228 WIPO Copyright Treaty, art. 8; 36 I.L.M. 65 (1997); WIPO Performances and Phonograms Treaty, arts. 10, 14, 36 I.L.M. 76 (1997), *both reprinted in* 44 J. COPR. SOC'Y 118 (1996).

229 *See generally* ANDRÉ LUCAS, DROIT D'AUTEUR ET NUMÉRIQUE 191 (1998) (noting that the "border" between public and private gets "scrambled" by new media and analyzing copyright limitations in that light).

230 *See* Mario Fabiani, *The Geneva Diplomatic Conference on Copyright and the Rights of Performers and Phonogram Producers*, [1997] 3 ENT. L. REV. 98, 102.

231 *See* Dommering, *supra* note 162, at 1-7.

232 Jaap H. Spoor, *The Copyright Approach to Copying on the Internet: (Over)Stretching the Reproduction Right, in* THE FUTURE OF COPYRIGHT, *supra* note 150, at 67, 76.

broadcasting the work into homes, where it can be privately recorded: either way the work can be repeatedly re-accessed.[233] As long as neither doctrine nor legislation clarifies these matters, it is left to judges to respond to the hard questions: In particular, does disseminating a work inside an organization, thus repeating access to many users, sufficiently usurp copyright owners' markets to infringe their rights, even though such dissemination is neither clearly private nor public?[234]

In the nineteenth century, while lawmakers were expanding the scope of copyright, judges developed the idea-expression distinction and infringement criteria to limit this scope.[235] These doctrinal devices were intended to leave authors some freedom to express themselves by transforming prior works creatively into newer works that, once input into the marketplace, would enrich cultural life. The World Wide Web now serves as an increasingly universal archive of data, including copyright-protected materials, that digital information-processing tools allow users to find, download, and transform, ultimately into new works to recommunicate to the world.[236] On the one hand, such technologies implicate both economic rights to control deriving new works from prior ones and moral rights to preserve the integrity of works; on the other hand, they promise to accelerate the creation and dissemination of new works. For example, in a case foreshadowing this future, a classic *film noir*, *The Asphalt Jungle*, was colorized using digital technology, only to meet claims, successful in France, that the film creators' rights of integrity were violated.[237] Furthermore, also starting in the nineteenth century, copyright coverage was extended, albeit ambivalently, to industrial designs and, in the twentieth century, to other largely functional products such as computer programs.[238] To what extent, then, should copyright scope be refashioned to take account of these developments?

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233 *See* Paul Edward Geller, *Reprography and Other Processes of Mass Use*, 38 J. Copr. Soc'y 21, 22 (1990), *and in* 153 RIDA 3, 7-9 (1992).

234 *Compare* American Geophysical Union v. Texaco, Inc., 60 F.3d 913 (2d Cir. 1994), *cert. denied*, 516 U.S. 1005 (1995) (holding that giving access to copies throughout the same company, notably to hundreds of research scientists, is infringing, especially in the light of market impact), *with* Tribunal de grande instance [T.G.I.] Paris, réf. (Superior Court, Injunctions Judge, France), June 10, 1997, J.C.P. 1997, II, 22974, note Olivier (refusing to enjoin unauthorized access through an intranet at the French National Center for Scientific Research).

235 *See supra* text accompanying notes 123-25.

236 *See supra* text accompanying notes 154-59.

237 Huston c. Turner Entertainment, CA (Court of Appeals) Versailles, ch. réunies, Dec. 19, 1994, 164 RIDA 389 (1995), *on remand from* Cass. 1e civ., May 28, 1991, 149 RIDA 197 (1991), *translated in* 23 I.I.C. 702 (1992).

238 *See supra* text accompanying notes 129-32.

Copyright scope is ultimately determined at the level of remedies. Thus questions such as those just raised concerning copyright scope are more likely to arise initially for judges than for legislators. To start, consider the right to control the communication of works to the public: it effectively extends as far as relief is available to control communication at the margins of the public marketplace. In theory, it is not clear how far this right of communication extends into closed list-services, intranets, etc.; in practice its extent might turn on whether judges may provide remedies in such penumbral Internet circuits without intruding on users' privacy.[239] For example, a court might order a hosting institution to take down pirated works from its large but closed intranet, but without subjecting individual participants in the intranet to the order and without monitoring their specific messages. Furthermore, copyright scope is likely to be more frequently put into question as works are increasingly downloaded from the Internet and as computerized tools help user-authors to manipulate materials taken from these works. Judges will then have to construe abstract criteria such as the distinction between "idea" and "expression" and criteria of "substantial taking" in concrete cases of alleged derivative works.[240] Their task is to resolve tensions between minimizing risks of free-riding and leaving available cultural options for transforming works, that is, for optimizing feed-back. The writer of this Article has argued elsewhere that, to that end, judges should always enjoin clear-cut piracy, but not necessarily creative transformations of prior works.[241]

Such issues change in tenor, but not structure, when moral rights are asserted. How to find works in cyberspace? How to be sure who authored these works? How to be sure that what you see and hear is the work which the author created? New entitlements to protect copyright-management information online in part respond to just such concerns for the authenticity of works, to which moral rights traditionally addressed themselves.[242] Other remedies might help to reach Solomonic solutions to the tension that opposes prior authors' moral rights to maintain the integrity of their works and new authors' freedoms both to transform works

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239 *See supra* text accompanying notes 228-34.

240 *See generally* Geller, *Transplants*, *supra* note 148, at 211-13, 221-23.

241 *See* Geller, *Hiroshige v. Van Gogh*, *supra* note 125, at 59-70; *also* Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147 (1998) (arguing that overriding rights of free expression may preclude preliminary injunctions in copyright cases).

242 *See* WIPO Copyright Treaty, *supra* note 228, art. 12; WIPO Performances and Phonograms Treaty, *supra* note 228, art. 19. *See generally* Adolf Dietz, *General Report: Authenticity of Authorship and Work*, *in* ALAI STUDY DAYS, AMSTERDAM 1996: COPYRIGHT IN CYBERSPACE 165, 176 (Marcel Dellebeke ed., 1997) (contemplating producers' as well as authors' rights to assure the authenticity of digitized works, subject to some "balancing of interests").

creatively and to communicate their creations. Suppose, for example, that a prior author challenged a transformed version of her work posted on the World Wide Web as violating both her rights to integrity and to attribution of authorship: the judge could require that the prior version of the work be both hyperlinked from the site where the new version of the work is posted and be attributed to the prior author at that site.[243] Thus both the prior work and new version would be accessible, one cross-referenced by the other, much as the video recordings of "directors' cuts" of films are now marketed alongside colorized or otherwise edited versions. The prior author's version would not be eclipsed, but users referred back to it could themselves more easily assess its aesthetic fate in any new version. The writer of this Article has explained elsewhere how traditional moral rights could thus evolve into an Internet moral right to reference.[244]

There remains the problem raised by industrial designs. It has proven impossible to maintain the distinction between protecting aesthetic works with copyright and functional products with industrial property.[245] Judges have responded to this difficulty by applying laws from either side of this distinction to the same works, designs, or products, most notably doubling copyright with patent protection for computer programs.[246] Legislators have responded to this difficulty by developing new rights to fill penumbral areas between the fields of copyright and industrial property, for example, supplementing copyright in databases with *sui generis* rights in database contents.[247] Judges will in turn have to refine criteria of infringement appropriate either to copyright or to any such related right: for example, for European data rights, the criterion is whether "the whole or a substantial part, evaluated qualitatively and/or quantitatively, of the contents of [the] database" at issue is taken.[248] However, the criteria of "substantial" takings, as developed in copyright law, have traditionally dealt with works displaying overall aesthetic structures, such as literary plots, musical or pictorial compositions, etc.; such criteria are not likely to be well suited to rights protecting database contents that are just highly gran-

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243 *Cf.* David Sanjek, *"Don't Have to DJ No More": Sampling and the "Autonomous" Creator*, 10 CARDOZO ARTS & ENT. L.J. 607, 622-23 (1992) (indicating how more scrupulous artists who sample and reconfigure the works of others systematically acknowledge the authors of these works).

244 *See* Paul Edward Geller, *The Universal Electronic Archive: Issues in International Copyright*, 25 I.I.C. 54, 63-66 (1994).

245 *See* Reichman, *Legal Hybrids*, *supra* note 132, at 2500-04.

246 *See, e.g.*, State St. Bank & Trust Co. v. Signature Fin. Group, 149 F.3d 1369, 1372-76 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1093 (1999) (holding that computer programs are patentable subject matter).

247 *See* Council Directive 96/9/EC of 11 March 1996 on the legal protection of databases, 1996 O.J. (L 077) 20, 23-27.

248 *Id.*, art. 7.1.

ular sets of discrete items. Judges will have to determine where copyright leaves off and such related rights begin in the cases where such diverse rights are asserted: in particular, they will have to differentiate infringement criteria, along with corresponding remedies, respectively appropriate to the diverse rights.[249]

III. WHAT'S CULTURE GOT TO DO WITH IT?

How to resolve the new copyright issues that are arising in the shift from patchwork to network? As we have seen at numerous points, the novelty of some issues makes it hard to draw responses out of traditional doctrines.[250] Rather, starting from new fact situations, lawmakers will have to refer to the overriding rationales of copyright for guidance in fashioning new solutions. Since the reach of the new media is global, and international harmonization a consideration, these rationales have to be studied from a comparative point of view. Let us look then at the rationales that have been offered for both copyright and author's rights.[251]

A. Arguments about Copyright and Culture

The British Statute of Anne, enacted at the start of the eighteenth century, gave "the encouragement of learning" as its purpose.[252] The Constitution of the United States, concluded toward the end of that century, mandated Congress to secure copyrights "to promote the progress of science."[253] The legislative record for the revolutionary French copyright laws, enacted at much the same time, set out this phrase which European doctrine has since often cited: "[T]he most sacred, the most legitimate, the most unassailable, and, if I may say so, the most personal of all the properties is the work, fruit of the thought of the writer."[254] At the time, in the

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249 *See, e.g.*, EMAP Business Comms. Ltd v. Planit Media AB, Hovrätt Skåne & Blekinge (Court of Appeal, Sweden), Aug. 2, 1999, [2000] 2 EURO. COPR. & DESIGN RPTS. 93 (dismissing appeal of trial court's refusal to enjoin use of plaintiff's data in defendant's Internet database because the categorizations of the data sets at issue, to the extent similar, were not original and the sets themselves differed in many items).

250 *See supra* text accompanying notes 202-04, 215-23, and 231-49.

251 For the bases of this analysis, see Paul Edward Geller, *Must Copyright Be For Ever Caught Between Marketplace and Authorship Norms?*, *in* OF AUTHORS AND ORIGINS: ESSAYS IN COPYRIGHT LAW, 159 (Brad Sherman & Alain Strowel eds., 1994); Paul Edward Geller, *Toward an Overriding Norm in Copyright: Sign Wealth*, 159 RIDA 3 (1994).

252 8 Anne, ch. 19 (1710).

253 U.S. CONST., art. I, § 8, cl. 8.

254 Le Moniteur Universel, Jan. 15, 1791, *set out in alternative versions and translated in* STERLING, *supra* note 11, at 1002-05. *See also* HESSE, *supra* note 58, at 91 (citing case predating the Laws of 1791 and 1793 in which the French court invoked the "sacred right of property" as a basis for enforcing copy-

Enlightenment, such notions as "learning" or "science" were broadly understood to mean culture, including literature and the fine arts that might make us more conscious of the world as well as delight us.[255] This reading corresponds to our sense that copyright and culture have much do with each other, but it raises a troubling question: How can as crude an instrument of social control as the law enhance something as subtle as culture?

Start with the most common response in Anglo-American copyright thinking. At the end of the seventeenth century, Locke contemplated legally securing property interests to prompt private parties to husband scarce resources, and to market resulting products, free of fears of being "constantly exposed to the invasion of others."[256] Economic arguments are now sharpened for intellectual property in terms of the distinction between private and public goods: to the extent private, goods cannot be shared without spreading them thin; to the extent public, goods can benefit different parties one after another, but they remain available to all. For example, once I eat food, it is gone for others; by contrast, we can each take information, insight, or pleasure from a work of the mind, and only the lack of access to the work precludes future readers, listeners, or viewers from doing so as well.[257] We have seen that progress in the media transforms cultural goods into increasingly public goods on the marketplace, which in turn may be considered as a communication system. That is, copying works more easily and disseminating them more widely in that system, we better access them ourselves while enabling others to re-access them as well. Economic arguments invoke the fact that, with better media, free-riders can exploit works at ever-smaller fractions of authors' and media enterprises' original investments. They then conclude that copyright is needed to minimize free-riding and, accordingly, to assure incentives for such investments.[258] The greater the investment, it is argued, the

right); STROWEL, *supra* note 109, at 90-91 (noting, critically, the original context for this slogan).

255 *See, e.g.*, JEAN LE ROND D'ALEMBERT, DISCOURS PRÉLIMINAIRE DE L'ENCYCLOPÉDIE 49-51 (Éditions Gonthier 1965) (1763) (considering the fine arts, literature, and music as kinds of knowledge [*connaissances*]).

256 JOHN LOCKE, SECOND TREATISE OF GOVERNMENT 66 (§ 123) (C.B. Macpherson ed., Hackett Publ. Co. 1980) (1690).

257 For the elaboration of this insight historically in the field of copyright, see Gillian K. Hadfield, *The Economics of Copyright: An Historical Perspective, in* 38 ASCAP COPYRIGHT LAW SYMPOSIUM 1 (1992).

258 *See generally* Ejan Mackaay, *Economic Incentives in Markets for Information and Innovation*, 13 HARV. J. L. & PUB. POL'Y 867 (1990) (arguing that free-riders need to be controlled to provide incentives for creation and dissemination); Michael Lehmann, *The Theory of Property Rights and the Protection of Intellectual and Industrial Property*, 16 I.I.C. 525 (1985) (arguing that free-riding must be restricted "in order to promote competition" in a stable marketplace).

greater the chances for creating and disseminating new works. That, in turn, is supposed to move "learning" or "science" forward.[259]

A question of motivation casts a shadow over this economic argument: How do we know what prompts cultural creativity in any given instance, much less generally?[260] It is hard to imagine that the prospects of copyright-secured gain motivated Emily Dickinson to write her poetry or Van Gogh to paint.[261] Admittedly, the writer of this Article would not update his legal treatise from year to year without his royalty cut, which copyright hopefully protects somewhat by reducing the frequency with which readers consult illicit copies. But such contrasting examples as true creators and this mere scrivener only illustrate poles at opposing ends of the range of variegated motives for creativity, in which copyright-royalty shares occupy the bargain basement. Unfortunately, simplistic economic arguments for copyright blithely ignore the incommensurablility of the great variety of motives for creators, assimilating them all to the narrower range of profit-seeking incentives for media enterprises.[262] More sophisticated economic analyses rather focus on the risks that such enterprises undertake in supporting creative projects, for example, in advancing royalties to writers or in financing capital-intensive projects such as epic motion pictures. Such analyses include the imponderable character of the non-economic motives of creativity within the general universe of risks they recognize: for example, whether an author submits a work on time is just one of a great variety of such risks. Nonetheless, it remains difficult to specify in the abstract how much copyright protection would reduce external risks of free-riding enough to prompt enterprises to take on risks intrinsic to producing and marketing works.[263]

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259 *See supra* text accompanying notes 252-53.

260 *See generally* WILLIAM KINGSTON, INNOVATION: THE CREATIVE IMPULSE IN HUMAN PROGRESS, ch. 3 (1977) (questioning whether economic incentives are always indispensable for creation).

261 For background, see Thomas Wentworth Higginson, *Emily Dickinson, in* EMILY DICKINSON, SELECTED POEMS AND LETTERS 5-24 (Robert N. Linscott ed., 1959); VINCENT VAN GOGH, THE LETTERS OF VINCENT VAN GOGH (Ronald de Leeuw ed., Arnold Pomerans trans., 1996).

262 *See, e.g.*, William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325, 327 (1989) ("To simplify the analysis, we ignore any distinction between the costs incurred by authors and by publishers, and therefore use the term 'author' (or 'creator') to mean both author and publisher.").

263 *See, e.g.*, JACQUELINE SEIGNETTE, CHALLENGES TO THE CREATOR DOCTRINE, ch. 4 (1994) (analyzing the impacts of copyright provisions on the risks that media enterprises run in bringing works into the public marketplace); Paul Goldstein, *Copyright: The Donald C. Brace Memorial Lecture*, 38 J. COPR. SOC'Y 109, 113 (1991) (pointing out that "a robust copyright" will give

Turn to Continental European doctrines that typically conceptualize authors' rights as natural rights. In the eighteenth century, Kant unpacked a key argument for such rights: to protect the autonomy of self-expression, authors alone may authorize when, to whom, and in what forms their works are communicated to the public.[264] But self-expression is just as variable in tenor as the motives that drive authors to create diverse works: maps, dictionaries, and computer programs hardly betray any such expressivity, while avant-garde works such as Duchamp's ready-mades, the Dadaists' automatic writing, or Warhol's soup cans do so only obliquely.[265] This argument, based on the natural right to autonomous self-expression, then applies with varying force from case to case, and European doctrine has advanced other arguments to reinforce and complete it, of which the main pair can only be broached here. At the start of the nineteenth century, leading French commentary argued that "natural equity" entitles authors to be compensated with "a fair price for the services" that their works render society.[266] No doubt, economic rights help to assure many authors of compensation, but neither the marketplace nor legislators are in position to calibrate what authors receive with what they contribute to culture. Moral rights are also invoked to protect authors' "honor and reputation," but this goal is quite distinct from preserving the autonomy of self-expression or even the integrity of cultural landmarks.[267] Natural-rights doctrines thus only partially and unevenly illuminate the Revolutionary slogan assimilating authors' works to "the most sacred" and "the most personal of all the properties."[268]

Arguments for copyright and authors' rights also tend to stumble over a simple truth. We have already touched on cases in which free-riding

"publishers, if not quite a lottery, then at least a portfolio that will promote investment and sustain a wider variety of authorship").

264 *See* Immanuel Kant, *Von der Unrechtmässigkeit des Büchernachdrucks*, [1785] 5 BERLINISCHE MONATSCHRIFT 403, *reprinted in* 1987 ARCHIV FÜR URHEBER- FILM- FUNK- UND THEATERRECHT 137, 142-43. For a gloss on Kant, see STERLING, *supra* note 11, at 1026-27.

265 For such examples, see PETER BÜRGER, THEORY OF THE AVANT-GARDE 51-53 (Michael Shaw trans., 1984).

266 1 RENOUARD, *supra* note 39, at 434-35, 457-60 (1838). E.C. case law has consecrated this aim of compensation as the "specific object" or "essential function" of copyright. *See, e.g.*, Case 62/79, CODITEL v. Ciné Vog Films S.A., E.C. Court of Justice, March 18, 1980, 1980 E.C.R. 881, [1981] 2 C.M.L.R. 362, 399-400 (deciding not to restrict copyright, in order not to undercut compensation).

267 *See generally* ADOLF DIETZ, DAS DROIT MORAL DES URHEBERS IM NEUEN FRANZÖSISCHEN UND DEUTSCHEN URHEBERRECHT, pt. 3 (1968) (distinguishing roles of moral rights and discussing seminal cases and commentary on point).

268 *See supra* text accompanying note 254.

shades into creatively transforming prior works.[269] The simple truth is that such cases generate the very feed-back of new works that most saliently enriches culture. Classical Greco-Roman works, as well as Renaissance European works, were raided by Elizabethan playwrights, notably Shakespeare.[270] Japanese prints of the "floating world," imported into Europe, furnished new points of departure for the experiments of post-Impressionist painters.[271] As copyright and authors' rights have expanded in scope, notably as economic and moral rights have entitled earlier authors to stop later authors from creating newer works from prior ones, such rights have become more likely to inhibit just such feed-back.[272] For example, one French commentator reasoned that Bizet's opera *Carmen* ought not have its integrity violated by showing the motion picture *Carmen Jones*, where black actors acted out the story-line of the tragic opera in an American setting.[273] By parity of reasoning, Prosper Merimée who wrote the story inspiring Bizet, or arguably even Merimée's heirs or representatives, could have prohibited Bizet from making and showing the opera *Carmen*. Followed out to its furthest conclusion, this reasoning would preclude elaborating any prior work into a new one or even interpreting it in new versions. For example, invoking the right to integrity, playwrights could effectively censor different stagings of their works.[274]

The arguments just canvassed are correct, but only partially and vaguely so. These arguments are correct that *some* protection is needed to minimize risks of free-riding and to assure respect for autonomous self-expression. However, they are partial and vague in that neither argument tells us *how much* protection would suffice for its respective purposes, nor when *too much* protection would stifle cultural feedback.[275] Consider, for

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269 *See supra* text accompanying notes 151-52.

270 *See* ROSE, *supra* note 54, at 25 (1993). For background, see GEOFFREY BULLOUGH, NARRATIVE AND DRAMATIC SOURCES OF SHAKESPEARE (8 vols., 1957-75).

271 *See generally* KLAUS BERGER, JAPONISME IN WESTERN PAINTING FROM WHISTLER TO MATISSE (1992) (detailing the historical roles of Japanese art forms in modern European art).

272 *See supra* text accompanying notes 123-29.

273 *See* Roger-Ferdinand, *L'affaire "Carmen Jones,"* 8 RIDA 3, 21 (1955).

274 *Compare* T.G.I. Paris, 3e ch., Oct. 15, 1992, 155 RIDA 225 (1993) (enjoining the casting of women in *Waiting for Godot* on the application of Beckett, the playwright), *with* Rb. Haarlem, Pres. (District Court, Injunctions Judge, Netherlands), April 29, 1988, [1988] 4 INFORMATIERECHT/AMI 83, note Cohen Jehoram (refusing to enjoin a new version of *Waiting for Godot*, even though Beckett challenged it as a travesty). For further critical analysis, see Fintan O'Toole, *Game Without End*, N.Y. REV. BOOKS, Jan. 20, 2000, at 43.

275 *See* Demsetz, *supra* note 59, at 20; Horacio M. Spector, *An Outline of a Theory Justifying Intellectual and Industrial Property Rights*, [1989] 8 EUR. INTELL. PROP. REV. 270.

example, the debate on the duration of economic rights: neither side, whether proponents or opponents of longer terms, offers hard evidence that so many years more or less would or would not stimulate creativity or broaden dissemination or be counter-productive.[276] Nor is it clear how to avoid acquiescing in authors' subjective whims in granting them relief for their moral rights, especially if the law makes them the sole judges of the integrity of their own works. The arguments in question leave us with the sense that the diversity of copyright laws represents just so many *ad hoc* attempts to resolve basic tensions. Or, perhaps, diverse copyright laws just march in tune with different cultural pipers.[277]

B. Mediating Between Copyright and Culture

There is a basic difficulty of method here. The categorical terms of the law do not easily translate into the terms of constantly mutating cultural discourse. Indeed, both case law and statutory law enshrine the principle that whether or not a work is protected by copyright should not turn on findings of cultural or aesthetic worth.[278] This principle of neutrality should also make us wary of assessing copyright lawmaking itself by searching for the purported effects that proposed provisions or rulings would have on culture. Of course, it would facilitate analysis if we lived in the best of all possible worlds, in which the invisible hand of the marketplace, or philosopher-kings serving as legislators, would best promote the culturally most significant creations. In reality, there is a complex universe of ever-changing motives that stands between the letter of the law and cultural creativity, and it is perilous to bridge this universe with nothing more than the bare insights of the dismal science of economics or the cryptic insights of natural-rights doctrines. Our historical hypotheses provide some elements for complementing these insights and perhaps for further elaborating the analytic framework in which to assess copyright lawmaking. Start with the following, rather obvious observation: *The law can gov-*

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[276] *Compare* Hank Brown & David Miller, *Copyright Term Extension: Sapping American Creativity*, 44 J. COPR. SOC'Y 94, 98-99 (1996) (protesting lack of evidence), *with* Arthur Miller, *Copyright Term Extension: Boon for American Creators and the American Economy*, 45 J. COPR. SOC'Y 319, 323-24 (1998) (responding with anecdotal evidence).

[277] *See* PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY: THE LAW AND LORE OF COPYRIGHT FROM GUTENBERG TO THE CELESTIAL JUKEBOX, ch. 5 (1994); EDELMAN, *supra* note 118, at 26-38, pt. 2 *passim*.

[278] *Compare* Bleistein v. Donaldson Lithography Co., 188 U.S. 239, 250 (1903) (Holmes, J.) ("It would be a dangerous undertaking for persons trained only in the law to constitute themselves judges of the worth of" a work at issue), *and* France, Intellectual Property Code, Art. 112-1 (making protection independent "of the kind, form of expression, merit or intended use" of a work).

ern the media that in turn feed culture. The potential impacts that the law might have on the media may then be pertinent for the copyright lawmaker.[279]

We can here only summarily reconsider our historical hypotheses in this light. First, in the sixteenth and seventeenth centuries, national legislators failed in their initially centralized and complex schemes that, to combat piracy and to censor public discourse, restricted the variety of works that could reach the public.[280] Second, superseding these schemes from the start of the eighteenth century, copyright laws allocated rights out to authors and, then, through the marketplace, to media enterprises responsive to the public, thus decentralizing decision-making about producing and marketing works.[281] Third, moving from the nineteenth to the twentieth century, these rights were expanded to secure income streams for media enterprises, allowing them to forge new channels for releasing more works into an increasingly global marketplace.[282] An over-arching hypothesis could be ventured: *The chances for creativity seem to increase as the media multiply channels for bringing together a variety of cultural materials and provide outlets for a variety of new creative syntheses.* For example, in Paris of the nineteenth and early twentieth centuries, the full panoply of diverse European cultural trends mixed with each other, as well as with multicultural achievements brought back to Europe by worldwide trade.[283] Resulting creations were released through a diversified publishing industry, performance venues ranging from formal theaters to cabarets, and expositions by academic and by renegade artists.[284]

Does our historical inquiry dovetail with economic and natural-rights approaches? As to economic analysis, we have considered the marketplace as a communication system.[285] From that point of view, copyright law may be evaluated by asking how it impacts on communicating cultural goods through the marketplace. For example, in moving from tangible property in art objects and manuscripts to intangible property in works, copyright law allowed authors to forge new contractual channels of communication with the media enterprises that brought cultural goods to the public. As to natural rights, we have seen authors' rights conceptualized

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279 For another, comparable framework of analysis, see Egbert J. Dommering, *An Introduction to Information Law: Works of Fact at the Crossroads of Freedom and Protection, in* PROTECTING WORKS OF FACTS: COPYRIGHT, FREEDOM OF EXPRESSION AND INFORMATION LAW 1 (Egbert J. Dommering & P. Bernt Hugenholtz eds., 1991).

280 *See supra* text accompanying notes 33-67.

281 *See supra* text accompanying notes 85-112.

282 *See supra* text accompanying notes 115-48.

283 *See* ROGER SHATTUCK, THE BANQUET YEARS, ch. 1 (rev. ed. 1968).

284 *See* BOURDIEU, *supra* note 126, at 113-40 *passim*.

285 *See supra* text accompanying notes 59-61 and 257-58.

as basic entitlements to control the communication of initially private self-expression to the public.[286] From that point of view, these rights may be evaluated by asking how, in the aggregate, they impact on different authors' respective powers over such communication. For example, it has to be asked whether an older author's right is not abusively exercised when it constricts a younger author's options for making and releasing works. In outlining issues for the future, we have tried to consider how to elaborate copyright law that would optimize access to cultural goods on global networks.[287]

The shift from patchwork to network, however, calls for a deep change in the law. We have posited that law is harmonized to the extent that participants subject to the law can rely on easily understood rules with minimal risks of encountering unfair or counter-productive consequences.[288] Previously, authors fed works into markets through media enterprises such as publishers and performance impresarios that insulated them from ultimate users, and hard-copy and live-performance media fed works back into general culture over time. Now, communication circuits are being so compounded and interconnected, and feed-back loops so tightened, that users are increasingly becoming authors who reprocess and recommunicate cultural goods, self-publishing themselves on global networks. Such Internet participants have increasing stakes, as both users and authors, in harmonizing copyright law, so that they are rarely caught in hard cases with untoward results. To the extent that, in cyberspace, they take and input materials on a global scale, their interests should lie in harmonizing copyright law, not nationally, but internationally.[289]

It is, however, painfully obvious that our world remains not only culturally, but bureaucratically, politically, and legally fragmented, no matter how fast the Internet is pulling communication and data together. Furthermore, copyright law is but one field out of many that faces a deep problem of method: How do you inform, with common values, rules that are obfuscated to citizens because they are, for example, hidden in esoteric regulatory codes or, worse, in the bowels of computers? For this reason, the harmonization of copyright, along with its simplification, represents a formidable task that will have to be undertaken, not merely at the level of harmonizing rules in legislation or any overriding treaty, but at the level of global network systems and enforcement schemes.

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286 *See supra* text accompanying notes 87-88 and 264.

287 *See supra* text accompanying notes 149-249.

288 *See supra* text accompanying notes 195-96.

289 *See supra* text accompanying notes 154-60, 196, and 205.

IV. CONCLUSION: OVER THE HORIZON

Media progress facilitates both free-riding and feed-back. With the advent of print, the law was called upon to respond to piracy. At the same time, the burgeoning book trade acted as a catalyst for the burst of cultural creativity that opened modern times. With the Internet, the risks of free-riding have surged higher, along with the chances of enhancing the feed-back on which culture thrives. Thus the challenges for copyright lawmaking become all the more acute.

What lies beyond the horizon of the near future? Imagine an Internet in which each user, armed with a cheap and portable server, communicates as a self-standing node. While it would have its great institutions, such as interconnected databases that users visit as universal cyber-libraries, this serve-yourself, nomadic Internet would also host ever-proliferating links and individual and group sites. On the one hand, it would become all the easier to circulate copies on this Internet outside any public marketplace, making it all the more difficult to control the leakage, even the hemorrhaging, of copyright materials. On the other, with ever-more channels and outlets, this Internet would nourish and unleash the creative processes that generate such materials. It would exemplify the goal implicit in our over-arching hypothesis: optimizing media channels and outlets.[290]

Whatever media future is overtaking us, it understandably troubles copyright owners and authors. Just as the printing press copied existing texts more easily, the newly emerging Internet universe is one in which already created works, whatever their forms, might even more easily slip out of their claimants' control. However, the initial measures with which print was regulated through the seventeenth century, freighted as they were with medieval and mercantilist ambitions to exercise overreaching social control, were singularly counter-productive. It took the eighteenth and nineteenth centuries to pare these measures down to the classic copyright regime which, moving into the twentieth century, could in turn be globalized in response to ever-more powerful media.

Unfortunately, the present trend of the law to degenerate into hyper-regulation only seems to confirm our wishful reliance on ever-more complex schemes for policing copyright. This writer submits that such temptations may be checked in the light of questions such as the following: Would such schemes be legally extended on the same global scale as the networks they impact? Would these schemes constrict or open up new channels and outlets to feed creativity on that scale? Would they make sense to individual users, ultimate creators, worldwide?

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[290] *See supra* text accompanying notes 282-84.

INTERNATIONAL COPYRIGHT: FROM A "BUNDLE" OF NATIONAL COPYRIGHT LAWS TO A SUPRANATIONAL CODE?

by JANE C. GINSBURG*

INTRODUCTION

In *The Federalist No. 43*, James Madison, justifying the new U.S. Constitution's patent-copyright clause, declared, "The States cannot separately make effectual provision" for the protection of the exclusive rights of authors.[1] Territorial regimes limited by state borders could not ensure effective protection for works whose distribution inevitably (and designedly) crossed state lines.[2] For that reason, Congress required the authority to "secur[e] for limited Times to Authors the exclusive Right to their . . . Writings,"[3] lest the interstate movement of works of authorship deprive authors of effective coverage.[4]

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[1] A. HAMILTON, J. JAY, J. MADISON, THE FEDERALIST, NO. 43, 279 (Modern Library ed. 1999).

[2] During the period of the Articles of Confederation, the separate States were urged to pass copyright laws; all but Delaware did. *See*, "Resolution passed by the Colonial Congress, recommending the several States to secure to the authors or publishers of new books the copyright of such books," May 2, 1783, *reprinted in* COPYRIGHT ENACTMENTS OF THE UNITED STATES 11, 29 (Thorvald Solberg ed., 1906). These piecemeal measures, however, proved inadequate, at least for entrepreneurial authors, like Noah Webster, who sought a nationwide audience. *See*, Noah Webster, *Origin of the Copy-Right Laws in the United States, in* A COLLECTION OF PAPERS ON POLITICAL, LITERARY AND MORAL SUBJECTS 173-78 (Burt Franklin reprint 1968) (1843).

[3] U.S. CONST., art. I, sec. 8, cl. 8.

[4] After ratification of the Constitution, but before the new U.S. Congress enacted the first copyright law in 1790, authors sought nationwide coverage, by petitioning Congress for special protections. *See, Proceedings in Congress During the Years 1789 and 1790, Relating to the First Patent and Copyright Laws*, 22 J. PAT. OFF. SOC'Y. 243 (1940) (reproducing the text of the petitions).

Today, in an era of instantaneous transnational communication of copyrighted works, the same concerns that faced the Framers of the Constitution of the United States in 1789 have surfaced in the international context. There is reason to doubt that the nation states that comprise the Berne Union, the World Trade Organization, and beyond can "separately make effectual provision" for the protection of authors' rights. Yet "international copyright," in the sense of a uniform law binding all nation states, does not exist.[5] Rather, at present we have a system of interlocking *national* copyrights, woven together by the principle of national treatment. While the Berne Convention has imposed a minimum standard as to subject matter and rights protected, this multilateral overlay cannot conceal the traditional image of international copyright as essentially a bundle of national, territorially defined, rights.[6]

But this traditional image may be increasingly misleading. In recent years, the number and content of substantive norms that multilateral instruments impose on member states have increased considerably. This is, therefore, a good time to consider the extent to which those instruments have created an international (or at least multinational) copyright code, as well as to inquire what role national copyright laws do and should have in an era not only of international copyright norms, but of international dissemination of copyrighted works. In this Article, I first consider the displacement of national norms through the evolution of a de facto international copyright code, elaborated in multilateral instruments such as the Berne Convention, the TRIPs Accord, and the pending WIPO Copyright Treaty, as well as by harmonization measures within the European Union. In the second part of this Article, I address the place that remains for national copyright norms, first through gaps left in the WIPO, WTO and EU multilateral instruments, and second, through choice of law. In the latter instance, *a* national norm will govern a multinational copyright contract or dispute, but other national copyright norms may be eluded.

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[5] *See, e.g.*, *Copyright Office Home Page*, (visited Oct. 1, 1999) <http://lcweb.loc.gov/copyright/fls/fl100.pdf> ("There is no such thing as 'international copyright' that will automatically protect an author's writings throughout the world.").

[6] *See, e.g.*, Jon Baumgarten, *Primer on the Principles of International Copyright*, *in* FOURTH ANNUAL U.S. COPYRIGHT OFFICE SPEAKS: CONTEMPORARY COPYRIGHT AND INTELLECTUAL PROPERTY ISSUES 470, 471 (1992) (Prentice-Hall Law & Business): "The term 'international copyright' is something of a misnomer, for neither a single code governing copyright protection across national borders, nor a unitary multi-national property right, exists. What does exist is a complex of copyright relations among sovereign states, each having its own copryight law applicable to acts within its territory." (emphasis in original).

Finally, in an era of international trade and norms, I consider what role *should* remain for national copyright laws. National copyright laws are a component of local cultural and information policies. As such, they express each sovereign nation's twin aspirations for its citizens: exposure to works of authorship, and participation in their country's cultural patrimony. Perhaps that simply means that each country's local policies should prevail within its borders, whatever the national origin of the work locally received. On the other hand, the pervasive international dissemination of works of authorship also calls into question the extent to which authors and their works should be subject to different national standards. I conclude that national laws allocating copyright ownership form the strongest candidates for preservation; national exceptions to copyright present a more difficult, but potentially persuasive, case for persistence of national norms as well.

I. TOWARD AN INTERNATIONAL COPYRIGHT CODE

A. Berne Convention, the TRIPs Accord, and the Pending WIPO Copyright Treaty

1. The Genesis of the Berne Convention: Roots of the Debate between Supranational Norms and National Treatment

From the outset of the movement for international copyright protection, two distinct principles have vied for primacy. On the one hand, the non discrimination principle of national treatment preserves the integrity of domestic legislation, but ensures that foreign authors will be assimilated to local authors. On the other hand, supranational norms guarantee international uniformity and predictability, and thus enhance the international dissemination of works of authorship. A compromise approach institutes national treatment, but avoids local underprotection by imposing minimum substantive standards that member countries must adopt. The development of the Berne Convention illustrates all three of these approaches.

In 1858, the first international Congress of Authors and Artists met in Brussels.[7] The resolutions the Congress passed laid the groundwork for the writing and drafting of the Berne Convention. The Congress' resolutions urged elimination of formalities, national treatment, and uniform national legislation.[8] Thus, from the outset, national norms were to work in

[7] *See* STEPHEN M. STEWART, INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS 41 (1983).

[8] *See* STEPHEN P. LADAS, THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY 72 (1938). The Congress of Authors and Artists met three times (1858, 1861, and 1877) and each time adopted resolutions asking governments to join together in passing legislation for the international protection of authors. The resolutions they passed in 1858 were:

tandem with international norms, but the latter were to be implemented through uniform domestic legislation.

At the first intergovernmental meeting in 1883 to form the Berne Union, however, the emphasis initially shifted away from the non-discrimination principle of national treatment, and toward international uniformity. The German delegation, in a diplomatic questionnaire, asked whether it might be better to abandon the national treatment principle in favor of a treaty that would codify the international law of copyright and establish a uniform law among all contracting states. Although most participating countries viewed the proposition as a desirable one, they voted against it because it would have required great modifications of their domestic laws, which many countries could not implement all at once. Thus, rejecting a treaty that would institute a uniform law of international copyright, the fourteen participating nations chose to retain the national treatment approach.

The German proposition was nevertheless critical in that it revealed the differing copyright philosophies of the participants: while one group favored a codified and uniform law of international copyright, another preferred as little unification and as much national independence as possible.[9] These differing philosophical positions became manifest in the ensu-

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That the principle of international recognition of copyright in favor of authors must be made part of the legislation of all civilized countries.

This principle must be admitted regardless of reciprocity.

The assimilation of foreign to national authors [national treatment] must be absolute and complete.

Foreign authors should not be required to comply with any particular formalities for the recognition and protection of their rights, provided they have complied with the formalities required in the country where publication first took place.

It is desirable that all countries adopt uniform legislation for the protection of literary and artistic works.

Id. See also SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986, 42-43 (1987) [hereinafter RICKETSON].

[9] Professor Sam Ricketson divides the differences in ideology into two groups: the universalist, and the pragmatic view. While the universalists wished for a uniform law of copyright to be adopted either through a multilateral convention or through each country's adoption of uniform, general laws applicable to both nationals and foreigners alike, the pragmatists criticized them as unrealistic and utopian. The pragmatists argued that true universality would be impossible in the absence of agreement on the fundamental nature of authors' rights (whether grounded in moral or economic rights). The pragmatists thus focused on the need for compromise and advocated the adoption of a minimal universality to which the largest number possible could adhere. Ricketson underscores that the tension between these conflicting viewpoints strongly influenced the initial and subsequent develop-

ing discussions of the substantive provisions of the Berne Convention. For example, countries that favored a universal law argued that the Convention should protect all authors who published in a Union state regardless of nationality.[10]

When the 1884 Conference began, an eighteen article draft awaited the participants. The draft contained all of the basic principles adopted at the 1883 conference: national treatment, abolition of formalities as a prerequisite for copyright protection, recognition during the entire term of the copyright of the author's exclusive right to authorize translations of her work, and the establishment of an International Bureau of the Union.[11] However, in light of the differing philosophies of international copyright protection, the 1884 draft was changed to protect only authors who were nationals of Union countries and publishers of works published in the Union. In general, in comparison to the universalist draft adopted at the 1883 Conference, the final draft of 1884 moved away from the idea of a comprehensive uniform international law of copyright.[12]

The draft introduced by the 1885 Conference was even less protective and less universal in scope than the 1884 version. The participants declined to adopt universally binding legislation, and instead left to the individual countries decisions as to the nature and the scope of copyright protection for foreign authors.[13] The underlying rationale was that a flexible international treaty would permit more countries to accede to the Union, thus increasing membership.[14] The adoption of a comprehensive and universal copyright law was thus sacrificed for a narrower body of rules accepted by a wide array of countries.

In order to further this goal of greater adherence, a number of provisions were amended and replaced by references to national law for provisions that previously constituted the beginning of a uniform codification of

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ment of the Berne Convention. The universalists have been responsible for the steady increase in measures to such an extent that the Berne Convention is sometimes viewed as an international code of copyright. On the other hand, the "modifying influence" of the pragmatists has ensured that these changes enjoyed the widest possible support; as a result, these measures often emerged in somewhat diluted form. *See id.* at 39-41.

[10] The universalist countries generally included France, Switzerland and Belgium. *See* BERNE CONVENTION 90-92 (WIPO ed. 1986) (recording comments and positions of these countries).

[11] *See id.* at 83-86.

[12] For example, the participants granted each contracting state the right to establish conditions under which works could be freely reproduced in certain types of publications (*i.e.*, scientific ones) and recognized the translation right for ten years only. *See* LADAS, *supra* note 8, at 79.

[13] *See* Records of the Second International Conference for the Protection of Literary and Artistic Works, *in* BERNE CONVENTION, *supra* note 10, at 108.

[14] *See* LADAS, *supra* note 8, at 80-81.

international copyright law.[15] This draft was then ratified and signed at the 1886 Conference. Although the Convention did not achieve every goal outlined at the first Congress of 1858, it represented a major step towards international copyright protection. More significantly, despite the diverging philosophies of the participating countries, the 1886 Berne text lay the groundwork for later evolution toward the more universalist ideal expressed in earlier drafts.

2. *The 1886 Berne Convention and Its Successors: The Growth of Supranational Norms*

The basic structure of the Berne Convention has remained relatively unchanged throughout each of its revisions. It contains substantive minimum standards of protection, as well as a general directive to accord Unionist authors national treatment. Each subsequent revision of the Berne Convention, from 1896 through 1971, as well as the 1994 Trade Related Aspects of Intellectual Property [TRIPs] accord,[16] and the 1996 WIPO Copyright Treaty [WCT],[17] however, have adopted more substantive minimum standards to which Union members must adhere, while retaining a key "pragmatic" feature: the Berne minima apply to a Union member's protection of works from *other* Berne members; no Berne member is obliged to accord its *own* authors treaty-level protection.[18] Thus domestic norms may continue to apply to purely domestic copyright controversies, although, as a practical matter, local legislators may have difficulty justifying better treatment of foreign than domestic authors.[19]

The original Berne Convention provided an explicit, but not exclusive, list of works to be protected.[20] The Berne Convention also defined the conditions for protection, known as points of attachment, and also

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[15] Among the amended provisions were those concerning translation rights, adaptations, the right of presentation of dramatic and dramatico-musical works, the protection of photographs and choreographic works, and the reproduction of articles in chrestomathies and in selections intended for instruction and the reproduction of articles of newspapers and periodicals. *See* LADAS, *supra* note 8, at 81.

[16] Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, April 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instrument — Results of the Uruguay Round, vol. 321, 33 I.L.M. 81 (1994).

[17] WIPO Copyright Treaty, CRNR/DC/94 (adopted by the Conference, December 20, 1996).

[18] *See* Berne Convention for the Protection of Literary and Artistic Works (1971 text)1161 U.N.T.S. 3 arts. 5.1, 5.3 [hereinafter Berne Conv.].

[19] *But see, e.g.*, 17 U.S.C. § 104A (Supp. IV 1998) (restoring copyright in non-U.S. Berne and WTO works whose copyrights expired due to failure to comply with U.S. formalities).

[20] *See* Berne Conv. (1886 text), art. 4 in BERNE CONVENTION, *supra* note 10.

specified rules governing the term of protection.[21] Subsequent conferences have amended each of these provisions in order to increase the scope of authors' rights. Among the minimum standards that all member countries were required to recognize, the original Berne Convention first established the translation right;[22] more exclusive rights, as well as some optional exceptions, were added over the course of subsequent revisions.[23]

The actual impact of the Berne Convention on national norms also depends on whether or not the member State treats the Convention as self-executing. If it does not, but instead executes its treaty obligations by implementing the substantive dispositions through its national law, there is a risk that the national legislation will not fully conform to the Berne Convention's text.[24]

The adoption by members of the World Trade Organization of the TRIPs accord further extended the Berne Convention minimum standards to countries beyond the Berne Union who are members of the World Trade Organization.[25] The TRIPs accord also imposed new substantive minima, both with respect to subject matter (computer programs and original compilations of data),[26] and to rights protected (rental right).[27] TRIPs also generalizes the conditions for limitations and exceptions to protec-

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21 *See id.*, arts. 2 & 3.

22 *See id.*, art. 5.

23 For example, the exclusive recording right of musical works and the right of authors to authorize the reproduction and public performance of their work by means of a cinematograph were introduced by the Berlin Revision of 1908 (art. 13 and art. 14), the moral right to claim paternity of a work and the right to "object to any deformation, mutilation or other modification" of the work as well as the broadcasting right were introduced at the Rome Revision Conference of 1928 (arts. 6bis and 11bis), and the droit de suite was added at the Brussels Revision of 1948 (art. 14bis para. 1). The 1971 revision set forth the reproduction right, but also posed general terms under which member states could provide for exceptions to that right (arts. 9.1, 9.2) *See* BERNE CONVENTION, *supra* note 10.

24 For example, in 1989, when the U.S. adhered to the Berne Convention, it did not amend the 1976 Copyright Act to provide for the rights of attribution and integrity guaranteed by Berne Conv. Art. 6bis. Congress took the position that these rights already existed in the Copyright Act, or in other dispositions in the trademarks law or at common law. *See* H.R. REP NO. 100-609, at 37 (stressing that then-Director-General of WIPO Arpad Bogsch endorsed the U.S. view that its pre-Berne adherence positive law satisfied art. 6bis). This assertion has prompted considerable skepticism, see, e.g., Adolf Dietz, *The United States and Moral Rights: Idiosyncracy or Approximation? Observations on a Problematical Relationship Underlying United States Adherence to the Berne Convention*, 142 R.I.D.A. 222 (Oct. 1989).

25 TRIPs does not, however, incorporate article 6*bis* of the Berne Convention (moral rights). *See* TRIPs art. 9.1.

26 *Id.* art. 10.

27 *Id.* art. 11.

tion.[28] In a significant enhancement to the Berne Convention's substantive minima, the TRIPs accord contains detailed provisions on enforcement of copyright.[29] Thus, while the TRIPs continues to leave to national legislation many details of copyright scope and enforcement, the outline of uniform mandatory measures has become increasingly explicit. The place of national policy thus shrinks accordingly.

Finally, the 1996 WCT, now open for ratification, not only continues the trend of increased specification of the minimum international content of copyright subject matter and rights, but creates new obligations to protect against the circumvention of technological protection measures, and against the removal or tampering with copyright management information.[30] While member states may implement these new obligations in different ways, the terms of the new provisions may not leave substantial room for differing interpretations.[31]

B. Harmonization Measures Within the European Union

Beginning in 1991, the European Commission issued five Directives concerning copyright and neighboring rights;[32] another is currently pend-

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[28] *Id.* art. 13.

[29] *Compare* TRIPs arts. 41 - 61 *with* Berne Convention art. 16.

[30] WCT arts. 11, 12.

[31] With the following important exception: art. 11 requires member states to protect against "the circumvention" of technological measures; it is not completely clear whether this text requires prohibition not only of direct acts of circumvention, but also of the manufacture and dissemination of circumvention devices. The U.S. and the E.U. have interpreted art. 11 in the latter sense. *See* 17 U.S.C. § 1201(b) (Supp. IV 1998); Amended Proposal for a European Parliament and Council Directive on the harmonisation of certain aspects of copyright and related rights in the Information Society (COM 1999 250 final 97/0359/COD) (May 21, 1999) [hereinafter Information Society Draft Directive], art. 6.2.

[32] Council Directive of 14 May 1991 on the legal protection of computer programs, 91/250/EEC, O.J.E.C. L 122 [hereinafter Software Directive]; Council Directive of 19 November 1992 on the rental and lending right and on certain rights related to copyright in the field of intellectual property, 92/100/EEC, O.J.E.C. L. 346 [hereinafter Rental Right Directive]; Council Directive 93/83/EEC of 27 September 1993, on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmissions, O.J.E.C. L. 248/15 [hereinafter Cable and Satellite Directive]; Council Directive 93/98/EEC of 20 October 1993 harmonizing the term of protection of copyright and certain related rights, O.J.E.C. L. 290/9 [hereinafter Duration Directive]; Directive 96/9/EC of the European parliament and of the Council of 11 March 1996 on the legal protection of databases, O.J.E.C. L. 77/20 [hereinafter Database Directive].

A "Directive" sets forth substantive rules that European Union Member States must transpose into their domestic laws. Member States need not

ing.[33] Designed to lift impediments to the free movement of goods and services within the European Union, and to relieve the uncertainty caused by disparities in national laws,[34] the Directives target subject matter or rights that member states have treated differently, for example, by imposing divergent standards of originality (computer programs; databases), or inconsistent levels of protection (duration, rental rights, cable and satellite retransmission). Significantly, unlike the Berne Convention and related multilateral accords, whose minimum standards apply only to member states' treatment of foreign works,[35] the Directives require harmonization of E.U. members' substantive norms as a matter of internal domestic law, as well as a matter of treatment of foreigners.

The Directives do not purport to regulate all of copyright. Rather, pursuant to the rule of "subsidiarity,"[36] the Directives claim to address only those areas of copyright law in which national disparities threaten the smooth functioning of the internal market. As we shall see, however, particularly taking into account the pending Information Society Directive, the Directives in fact address many, if not most, issues in copyright law.

First, with respect to the subject matter of copyright, the Directives advertise only their coverage of software and databases, bringing them into the subject matter of copyright, and subjecting them to a uniform standard of originality: the work must be the "author's own intellectual creation."[37] But the Duration Directive, albeit a text concerning the regime of rights, also includes a subject matter provision: it imposes the same standard of originality on photographs, and further stresses that photographs are thereby brought within a uniform copyright fold, by cautioning: "No other criteria shall be applied to determine their eligibility for protection."[38] One might predict that the European Union-wide "author's own intellectual creation" standard of originality will eventually replace

incorporate the text of Directives verbatim (although they may), so long as the domestic law implements the substance. *See generally*, P.J.G.KAPTEYN & P. VERLOREN VAN THEMAAT, INTRODUCTION TO THE LAW OF THE EUROPEAN COMMUNITIES 193-97 (Laurence W. Gormley, ed. 2d ed. 1989).

33 Information Society Draft Directive, *supra* note 31.

34 *See* arts. 30. 336, 57(2), 100(a) of the EC Treaty (now arts. 28, 30, 47(2), 95 EC), 1997 O.J.E.C. (C340) 173.

35 *See* discussion *supra*, text at and note 18.

36 *See* art. 3(b) of the Treaty on European Union (now art. 5 EC) 1997 O.J.E.C. (C340) 145. On subsidiarity, see generally, George Bermann, *Taking Subsidiarity Seriously: Federalism in the European Community and in the United States*, 94 COLUM. L. REV. 331 (1994); George Bermann, *Subsidiarity and the European Community*, 17 HASTINGS INT'L & COMP. L. REV. 97 (1993).

37 Software Directive, art. 1.3; Database Directive, art. 3.1.

38 Duration Directive, art. 6. The same cautionary note appeared in the Software Directive, art. 1.3, and the Database Directive, art. 3.1.

divergent national norms, such as the lower U.K. "skill and labour,"[39] or the higher French "imprint of the author's personality,"[40] thresholds.[41]

Second, with respect to copyright ownership, the Directives do not harmonize all ownership rules, but they do pose some significant uniform norms, for example, employer-ownership of computer programs,[42] and author-entitlement to equitable remuneration for exploitation of the rental right in films or phonograms.[43] Nonetheless, as we shall see in Part II, the Directives do not harmonize ownership rules as intensively as they might.

Third, with respect to the regime of protection, the combination of the first five Directives and the pending Information Society Directive covers almost all of the rights and exceptions and limitations on copyright. Where the first five Directives detailed "restricted acts" and "exceptions to restricted acts" with respect to particular subject matter (software, databases) or rights (rental, lending, transmissions by cable and satellite), the Information Society Directive is based on the 1996 WIPO Copyright Treaty, and thus synthesizes most of the rights under copyright. The Directive therefore articulates a very broad scope for the reproduction right, specifically including temporary reproductions, in any manner or form.[44] The Directive also phrases the right of communication to the public in very broad terms, notably obliging member states to include making the work available to the public "in such a manner that members of the public may access the work from a place and at a time individually chosen by them."[45] As a result, the Directive requires member states to cover an extremely wide range of public performances and public displays of works of authorship, including all forms of transmissions, whether or not made by wire. The Directive also mandates a right of distribution of physical copies of works of authorship, and specifies that the right is not exhausted unless copies have been sold within the E.U. by or under the authority of the rightholder.[46] The Directive also implements the WCT's provisions on

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[39] *See, e.g.*, WILLIAM R. CORNISH, INTELLECTUAL PROPERTY 334-35 [¶ 10-18] (3d ed. 1996).

[40] *See, e.g.*, ANDRÉ LUCAS & HENRI-JACQUES LUCAS, PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE ¶¶ 80-86. *See also* CORNISH, *supra* note 39, at ¶¶ 10-09 - 10-10, comparing British, "authors rights" countries, and EU concepts of originality.

[41] *Cf.* Gerhard Schricker, *Farewell to the "Level of Creativity" (Schopfungshohe) in German Copyright Law*, 26 I.I.C. 41, 46 (1995) (suggesting that EU standard preludes application of higher German "level of creativity" standard "for a growing number of types of work").

[42] Software Directive, art. 2.3.

[43] Rental Right Directive, art. 4.1.

[44] Draft Information Society Directive, art. 2.

[45] *Id.* art. 3.1. The language comes from the WCT, art. 8.

[46] Draft Information Society Directive, art. 4.

technological protections and copyright management information. It therefore requires member States to prohibit both the circumvention (direct or by means of dissemination of circumvention devices) of technological protection measures, and the removal or distortion of copyright management information.[47]

Equally, if not more importantly, in enumerating the limitations and exceptions to copyright for which member states may provide, the Information Society Directive appears to preclude Member States from introducing further exceptions or limitations. The Directive states, "Member States may provide for limitations to the exclusive right of reproduction provided for in Article 2 in the following cases . . ." and "Member States may provide for limitations to the rights referred to in Articles 2 [reproduction] and 3 [communication to the public] in the following cases: . . ."[48] This suggests that, outside the listed cases, Member States may *not* provide for additional exceptions or limitations. Moreover, the proposed Directive, as amended by the European Parliament and revised by the Commission, further requires Member States to provide "equitable compensation" for many of the permitted acts, such as private copying (analog and digital), photocopying, and certain educational and research reproductions or transmissions.[49] Finally, even with respect to the listed cases, the Directive imposes the Berne Convention's "three step test:"[50] the exceptions and limitations must be restricted to "certain specific cases, and may not be interpreted in such a way as to allow their application to be used in a manner which unreasonably prejudices the rightholders' legitimate interests or conflicts with a normal exploitation of their subject matter."[51]

There is another class of exceptions for which the Directives mandate even greater intra-Union uniformity. Unlike the exceptions reviewed above, which member States *may*, but need not, implement, the Directives require member States to provide for certain exceptions to or limitations on copyright. These EU-imposed restrictions on the scope of copyright concern the rights of lawful acquirers of copies to make backup copies of computer programs, to access the content of computer programs and databases,[52] and to decompile computer programs under certain circum-

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47 *Id.* arts. 6, 7.

48 *Id.* arts. 5.2, 5.3

49 *Id.* arts. 5.2(a)(b)(b bis), 5.3(a).

50 *See* Berne Conv. art. 9.2. *See* Mihály Ficsor, *The Spring 1997 Horace S. Manges Lecture: Copyright for the Digital Era: The WIPO "Internet" Treaties*, 21 COLUM.-VLA J. L. & THE ARTS 197, 214-15 (1997).

51 Draft Directive, art. 5.4; the language paraphrases Berne Convention art. 9.2 and WCT, art. 10.

52 Software Directive, art. 5; Database Directive, art. 6.1; *see also id.*, art. 8.1 (exception to sui generis right).

stances.[53] The Draft Information Society Directive introduces an exemption from liability for "temporary reproductions which are an integral part of a technological process for the sole purpose of enabling use to be made of a work . . . ." whether or not the initial communication of the work was lawfully made.[54]

The Directives thus set an overall, often quite detailed, framework guiding national legislators, considerably limiting the opportunities for national variance regarding the scope of copyright protection. I would further suggest that the uniform originality standard adopted in the Directives will come to constrain the freedom of national legislatures to vary the subject matter of copyright. In the case of copyright ownership, by contrast, the Directives do allow Member States a considerably freer hand to allocate rights among authors, employers, and transferees.

II. WHAT PLACE REMAINS FOR NATIONAL COPYRIGHT NORMS?

Given the substantial muting of national norms by multilateral instruments, it is now appropriate to inquire what place remains for national copyright norms.

A. Gaps Left in the WIPO, WTO, and EU Multilateral Instruments

1. Berne Convention, TRIPs, and WCT

While the multilateral treaties are increasingly comprehensive with respect to the subject matter and scope of copyright, significant gaps remain, particularly with respect to authorship and ownership of copyright. Indeed, apart from the Berne Convention's much-criticized art. 14bis.2,[55] concerning ownership of rights in cinematographic works, none of the three principal treaties contain detailed provisions on copyright ownership.[56] The Berne Convention does, however, announce that authors are "entitled to institute infringement proceedings in the countries of the

[53] Software Directive, art. 6.1.

[54] Information Society Directive, art. 5.1. The European Parliament amended this provision to require that the communication have been lawfully made (amendments 16 and 33), but the Commission rejected the amendment. *See* Amended Proposal, *supra* note 31, Explanatory Memorandum, 4.1.

[55] *See, e.g.,* HENRI DESBOIS *et al,* LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET DES DROITS VOISINS 216-21 (1976); RICKETSON, *supra* note 8, at 589.

[56] *But see* Sam Ricketson, *The 1992 Horace S. Manges Lecture: People or Machines? The Berne Convention and the Changing Concept of Authorship*, 16 COLUM.-VLA J. L. & THE ARTS 1 (1991) (contending that the Berne Convention implicitly designates the human creator, rather than juridical persons, as the author and initial copyright owner).

Union," and that authorship status shall be presumed if the author's name "appear[s] on the work in the usual manner."[57] If authors may enforce copyright, it follows that they are, at least initially, the owners of the rights they seek to enforce. On the other hand, the Berne Convention does not *require* that the actual creator's name appear on the work in the usual manner. As a result, its coverage of "authorship" and ownership is only partial. The TRIPs and the WCT do not supply further guidance.

With respect to the subject matter of copyright, the Berne Convention does not articulate a standard of originality, and thus may leave open the possibility of national variation.[58] TRIPs and the WCT, however, have closed that gap, at least in part, by imposing an "intellectual creation" standard for computer software and databases;[59] as with the E.U.'s "author's own intellectual creation" standard, this threshold for originality may be generalized across copyrighted works.[60] The TRIPs and WCT also specify that "Copyright protection extends to expressions, and not to ideas, procedures, methods of operation or mathematical concepts as such,"[61] but do not define the excluded elements. As domestic caselaw, at least in the U.S., reveals, courts may differ as to what constitutes an "idea" or "method of operation."[62] Perhaps countries party to the TRIPs and/or WCT will so diverge as well, leaving open the possibility that the same work may be copyrightable in one country, but not another.

With respect to the scope of rights and of exceptions, the 1971 Berne Convention text tended to address specific issues, rather than synthesizing rights and exceptions. The TRIPs and WCT, however, have undertaken the synthesis, and thus have largely filled gaps left by the Berne Convention's rather more pointillist approach.[63] Two significant gaps nonetheless

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57 Berne Conv., art. 15.1.

58 *See* Jane C. Ginsburg, *Surveying the Borders of Copyright*, 41 J. COPYR. SOC'Y. 322, 327 (1994).

59 TRIPs, art. 10; WCT, art. 5 (databases).

60 *See* discussion *supra*, text at notes 36-39. Query whether the EU's "author's own intellectual creation" standard (emphasis supplied) is higher than the TRIPs-WCT "intellectual creation" standard.

61 TRIPs, art. 9.2; WCT art. 2.

62 *Compare* Lotus Dev. Corp. v. Borland Int'l, Inc., 49 F.3d 807 (1st Cir. 1995), *aff'd. by an equally divided Court*, 516 U.S. 233 (1996) (spreadsheet program's menu commands held a "method of operation") *with* American Dental Ass'n v. Delta Dental Plans Ass'n., 126 F.3d 977 (7th Cir. 1997)("taxonomy," system of classifying dental procedures, held not a "method of operation").

63 *Compare* Berne Conv. arts. 10 (certain exceptions), 10bis (certain exceptions), 11 (certain public performance rights), 11bis (broadcasting rights), 11ter (certain public performance rights) *with* TRIPs art. 13 (exceptions); WCT arts. 8 (right of communication to the public); 10 (exceptions and limitations).

remain. First, although art. 6bis of the Berne Convention requires Union members to protect authors' rights of attribution and of integrity, the TRIPs explicitly excludes art. 6bis from its incorporation of Berne Convention norms.[64] As a practical matter, this leaves a gap because failure to implement unincorporated Berne Convention norms carries no meaningful sanction, while non compliance with TRIPs obligations can lead to trade sanctions against the recalcitrant country.[65] Second, while the Berne Convention does not specify a right to distribute copies, both the TRIPs and WCT do; both treaties, however, explicitly leave it to member countries to determine under what circumstances, if any, that right will be deemed exhausted.[66]

Finally, it is important to note that the rights concerned are minimum rights: signatory countries may provide for greater rights than those required, so long as they accord national treatment.[67] Similarly, the treaties set forth maximum exceptions: signatory countries *may* restrict the scope of protection, to the extent permitted by the treaties, but signatories are not obliged to impose all (or any) of the limitations that the treaties authorize. This means that multilateral instruments set a floor, but no ceiling, for the scope of copyright protection. National copyright laws thus retain a role to set the upper limits of copyright, by affording greater rights, or by selecting which permitted exceptions to impose.

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[64] *See* TRIPs, art. 9.1.

[65] *See* TRIPs, art. 64 (dispute settlement). A World Trade Organization dispute resolution panel announced its decision on June 15, 2000 in a dispute resolution proceeding brought by the European Union regarding 17 U.S.C. § 110(5)(B) (Supp. IV 1998), which exempts certain commercial establishments from liability for public performances by means of performing works by radio and television. WT/DS160/R. The Panel determined that the U.S. exemption exceeded the standards imposed by TRIPs art. 13 as to permissible exceptions and limitations, and therefore recommended that the Dispute Settlement Body request the United States to bring subparagraph (b) of Section 110(5) into conformity with its obligations under the TRIPs Agreement.

Art. 33 of the Berne Convention provides for intergovernmental resort to the International Court of Justice, should one country of the Union object to another's interpretation or application of the Convention's provision, but Art. 33 also permits a Union member, upon ratifying to "declare that it does not consider itself bound" by that provision. 22 of the 140 Berne Union members have reserved on art. 33. *See* Contracting Parties of Treaties Administered by WIPO (visited Sept. 29, 1999) <http://www.wipo.org/eng/ratific/e-berne.htm>. It appears that no ICJ proceeding has been brought pursuant to art. 33. *See International Court of Justice: List of all Decisions and Advisory Opinions brought before the Court since 1946* (visited Sept. 29, 1999) <http://www.icj-cij.org/icjwww/idecisions.htm>.

[66] *See* TRIPs, art. 6; WCT, art. 6.2.

[67] *See* TRIPs, art. 3; Berne Conv., art. 19.

2. *EU Directives*

The European Union, however, by imposing certain restrictions on the scope of copyright, and by giving greater detail to permitted exceptions, has constricted the role of national law to vary the height of the ceiling, as we have already seen.[68] On the other hand, if the mandatory exceptions ensure that member States must impose a ceiling on copyright, member States nonetheless may further drop the ceiling by adopting some or all of the various Directives' authorized (as opposed to obligatory) exceptions. For example, one E.U. member State may exempt certain uses of works on behalf of the visually- or hearing-impaired (subject to "equitable compensation"), as authorized by art. 5.3(b) of the Draft Information Society Directive, while another may choose not to limit copyright in that way. Thus, exceptions to copyright remain an area of potential, albeit tempered, disparity within the E.U.

Regarding the rights protected, the Duration Directive specifies that it does not purport to harmonize moral rights; none of the other Directives touch moral rights, either.[69] Thus, the content, as well as the duration, of rights of attribution, and particularly of integrity, may vary considerably among the fifteen member States.

But the principal gaps in the E.U. regime concern authorship and ownership. The Directives continue to tolerate divergent national laws governing authorship status, initial rights ownership, and presumptions of transfer. With respect to authorship status, for example, the Software Directive and the Database Directive leave to national law the determination of whether the "author" may be a juridical, as well as a natural, person.[70] Those Directives, as well as the Duration Directive, refer to joint works and to collective works, but do not define these terms.[71] Indeed, the Rental Right Directive and the Satellite Directive explicitly permit member States to designate who, in addition to the principal director, shall be considered a co-author of an audiovisual work.[72] Different national laws may supply differing definitions, not only of who is a co-author, but of the category of joint works. For example, are "joint works" only those in which the contributions are inseparable, or may they also be discrete, but interdependent, as are the music and lyrics comprising a song?[73] It seems

68 *See* discussion *supra*, text at notes 47-53.

69 *See* Duration Directive, art. 9; Recital 21.

70 *See* Software Directive, art. 2.1; Database Directive, art. 4.1.

71 *See* Software Directive, art. 2.1; Database Directive, art. 4.2; Duration Directive, arts. 1.2, 1.4.

72 *See* Rental Right Directive, art. 2.2; Satellite Directive, art. 1.5.

73 *Compare* Federal Republic of Germany, Copyright Law of 1965 (as amended), art. 8.1 (joint works are those whose "respective contributions cannot be separately identified"); U.K., 1988 Copyright Designs and Patents Act, art.

that the Directives deliberately avoid more precise definition of joint works. Indeed, the Duration Directive appears to want it both ways: art. 1.4 provides that either the duration for a single authored work, *or* the duration for a work of joint authorship shall apply to "identified authors whose *identified contributions* are included in [collective] works." (Emphasis supplied)[74] To be "identified," the "contributions" would be interdependent, rather than inseparable; the Directive thus leaves it to national law to determine whether such contributions should be considered individual or joint works.

With respect to initial rights ownership, the Software, Duration, and Database Directives allow those member countries that vest initial ownership in collective works (a term the Directives do not define) in juridical persons, to continue to do so.[75]

With respect to presumptions of transfer, the Rental Right Directive permits member States to provide for presumptions of transfer of rental rights from authors to the film producer.[76] The Directives do not require revision of national laws setting forth other presumptions of transfer from authors to film producers, producers of collective works, or other employers or commissioning parties.

B. Choice of Law: Manipulating the Applicable National Norm

Choice of law strategies become increasingly important as copyright disputes range over multiple territories. Within those disputes, manipulation of legislative competence relies on the persistence of national copyright norms, but seeks to make one country's norms prevail over competing national norms.

1. Contractual clauses

Choice of law and of forum clauses offer a primary means of sidestepping the potentially applicable norms of other countries (subject to exceptions such as *ordre public*). Choice of law clauses can be especially relevant to resolution of disputes concerning copyright ownership when the work involves the participation of multiple authors from many differ-

10(1) ("contribution of each author is not distinct from that of the other author or authors") with Belgium, Copyright Law of June 30, 1994, art. 5.1 (joint works contributions may be "individualized"); France, Code of Intellectual Property, art. L-113-2.1 (joint work is "a work in the creation of which more than one natural person has participated").

[74] *See* Duration Directive, art. 1.1 (single authored work's duration), 1.2 (joint work's duration), 1.4 (collective work's duration).

[75] *See* Software Directive, art. 1.2, Duration Directive, art. 1.4; Database Directive, art. 4.1.

[76] *See* Rental Right Directive, art. 1.6.

ent countries. Similarly, choice of law clauses may simplify issues concerning the scope of a grant of multiterritorial rights under copyright.

Choice of forum clauses are also important. The choice of the forum does not, by itself, determine the applicable law.[77] But, because each forum applies its own conflict rules to characterize the nature of the claim and to designate the choice of law rule that applies to that kind of claim, forum selection can favor some laws over others. For example, some fora may consider some features of the national copyright law, such as moral rights, to be mandatory even in international situations;[78] choosing a forum that does not impose its own laws as laws of immediate application (or "*lois de police*") can amount to avoiding a specific set of mandatory national rules regarding copyright.

Similarly, with respect to the forum's characterization of claims, in disputes between authors or copyright owners and their grantees, some fora may characterize the dispute as one involving contract law, while others might characterize the controversy as a matter of substantive copyright law. For example, in the U.S. the scope of a grant of copyright law is considered a contract law question,[79] while in Germany it is a matter of substantive copyright law.[80] Or, in Brazil, the contract governs the duration of a grant effected by a Brazilian author under Brazilian law, but in the U.S., U.S. copyright rules determine whether the Brazilian author's grant of the second term of U.S. copyright (for works first published while the 1909 Act was still in force) was properly effected.[81] By choosing a forum that characterizes the dispute as one in contract, the parties may avoid national copyright regulation.

Substantive copyright issues other than ownership may not as easily be resolved by contractual manipulation of the forum or applicable law. Notably, it is not clear that a court will apply the law of the contract to determine whether the work is copyrightable. Suppose, for example, that I produce a CD ROM of digitized photographic images of public domain paintings. The contracts under which I license reproduction rights are subject to U.K. law, whose "skill and labour" originality standard these

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[77] Choosing a forum in State A does not necessarily mean that A's law will apply. The international private law rules of the forum will determine the applicable law.

[78] *See, e.g.*, France, Judgment of May 28, 1991, Cass. Civ. 1re, JCP II 21731, note Françon (foreign authors enjoy moral rights in France, regardless of whether authors enjoyed or waived moral rights in the work's country of origin).

[79] *See, e.g.*, Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150 (2d Cir. 1968).

[80] *See* German copyright law, art. 31; Michael Walter, *La liberté contractuelle dans le domaine du droit d'auteur et des conflits de lois*, 87 R.I.D.A. 45, 71-83 (1976).

[81] *See* Corcovado Music Corp. v. Hollis Music, Inc., 981 F.2d 679 (2d Cir. 1993).

images would meet. By contrast, suppose that the images lack the requisite minimum of creativity to qualify for U.S. copyright.[82] Suppose further that my U.S. licensee distributes copies of the images in the U.S. in excess of the terms of the license. If I bring a copyright infringement suit in the U.S., will the court apply U.K. law to determine the images' copyrightability? Or will the court conclude that, since the alleged infringement is occurring in the U.S., only U.S. law is competent to govern the questions whether the work is protectable and has been infringed?[83]

U.S. courts have not addressed the question whether parties to a contract may opt out of territoriality, and into one particular municipal copyright law to govern non-contractual issues,[84] although they have generally considered copyrightability and infringement issues to be especially territorial. For example, in *Computer Associates Int'l, Inc. v. Altai*,[85] the Second Circuit declined to enjoin Computer Associates from pursuing its appeal in a French copyright action against Altai, on the ground that the French action addressed an alleged violation of French copyright law, while the U.S. action concerned an alleged violation of U.S. copyright law, and Altai did not show that the standards for copyrightability of computer software were "identical" under French and U.S. law. Because the French claim was distinct from the U.S. claim (even if both arose out of alleged reproduction of part of the CA operating system), the U.S. judgment could not have preclusive effect on the French claim.

Finally, choice of forum or of law clauses cannot select or avoid national copyright norms when the dispute concerns parties not in privity with each other (or when the parties have failed to effect a contractual choice of forum or of law). On the other hand, principles of private international law may similarly result in favoring some national norms over others, at least when the relevant principle designates a single applicable national law in lieu of several national norms.

2. *Principles of Private International Law*

Conflict of laws rules can temper the territorial application of national legislation. That is, unless the choice of law rule requires that local law always apply to all aspects of a copyright dispute litigated in the local

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82 *See supra* note 39. This hypothetical is based on *Bridgeman Art Library, Ltd. v. Corel Corp.*, 36 F.Supp. 2d 191 (S.D.N.Y. 1999).

83 *See* Bridgeman Art, *supra*; Itar Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998).

84 *Cf.* Turtur v. Rothschild Registry Int'l., Inc., 26 F.3d 304 (2d Cir. 1994); Nedlloyd Lines BV v. Superior Court, 834 P.2d 1148 (Cal. 1992) (both assuming that parties to the contract may submit contract-related tort claims to the law chosen to govern the contract).

85 126 F.3d 365 (2d Cir. 1997).

courts, then choice of law rules may lead local courts to apply a foreign country's law, even with respect to persons or acts that have some connection with the local territory. In this case, the court is not substituting an international norm for the forum's domestic law, but the court's resort to another country's domestic law nonetheless ousts the forum's own norm (and may well also exclude the application of other national laws).

Copyright ownership is a particularly important area for choice of law, since the applicable rule will determine whether copyright ownership will vary with each national territory on which the work is exploited,[86]or instead will remain constant, whatever the territory of exploitation. A conflicts rule that designates the law of the work's country of origin (or country with which the work has the "most significant relationship")[87] will mean that, for the forum that hears the claim, the copyright owner will be the same both at home, and abroad.[88] But copyright ownership will not achieve complete transnational consistency unless all fora subscribe to the same conflicts rule. If one forum applies the law of the country of the "most significant relationship" while another applies the law of the country of exploitation, then we will continue to encounter variance in ownership status.

In the context of international copyright infringement actions, particularly those involving digital media, some commentators have favored application of the law of the point from which the infringement becomes available to the public, to the full, multi-territorial, extent of the claim.[89] This approach substitutes a single national law for a plethora of potentially applicable laws, and thus simplifies the action, while still maintaining a territorial nexus to the country from which the root act occurred. Other

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[86] Favoring such a rule, *see, e.g.*, André Lucas, *Aspects de droit international privé de la protection d'oeuvres et d'objets de droits connexes transmis par réseaux numériques mondiaux* (visited Oct. 4, 1999) <http://www.wipo.org/fre/main.htm> doc. no. GCPIC/1; JEAN-SYLVESTRE BERGÉ, LA PROTECTION INTERNATIONALE ET COMMUNAUTAIRE DU DROIT D'AUTEUR: ESSAIE D'UNE ANALYSE CONFLICTUELLE 320-22 (1996).

[87] *See, e.g.*, Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998)(in action alleging infringement in U.S, U.S. court applied Russian law to determine initial ownership of copyright in work first published in Russia, by a Russian publisher, and written by Russian authors).

[88] The same result might be achieved through resort to a different point of attachment, for example, country of first publication. But that country may not always be easy to identify, especially if first publication occurs over the Internet. *See* Jane C. Ginsburg, *The Private International Law of Copyright in an Era of Technological Change*, 1998 RECUEIL DES COURS DE L'ACADÉMIE INTERNATIONALE DE LA HAYE part 273, 239-405 (1999) [hereinafter Ginsburg, Hague Lectures] 267-71(discussing the problem of discerning the country of first publication).

[89] *See* generally *id.*, Chapter 3 (discussing theories and cases).

commentators have favored the law of the countries where the infringement occurs. This highly territorial approach preserves a maximum role for national norms.[90]

Another approach to choice of law for multinational copyright infringement claims would nominally apply the rule of territoriality, but, at least where all relevant countries are Berne Union or WTO members, would presume that all affected territories adhere to Berne-TRIPs minima. Since the forum under these circumstances would also be a Berne-WTO country, the court might further presume that all the relevant countries' laws are like the forum's.[91] The court would then apply its own law to the full extent of the claim, subject to a showing that in certain countries, local norms are either more or less protective than the forum's.[92]

This survey has shown that national copyright laws retain some vitality, particularly regarding copyright ownership, and, to a lesser extent, copyright exceptions. But this does not mean that all national norms will apply all the time in multinational settings. Legislative competence over copyright disputes may in fact be narrowed by contract or by choice of law principles.

III. WHAT ROLE SHOULD REMAIN FOR NATIONAL COPYRIGHT LAW IN AN ERA OF INTERNATIONAL NORMS?

International uniformity of substantive norms favors the international dissemination of works of authorship. If the goal is to foster the world-widest possible audience for authors in the digital age, then one might conclude that national copyright norms are vestiges of the soon-to-be bygone analog world. But not all copyright exploitations occur over digital networks, and, more importantly, national laws remain relevant, even for the Internet.

Two principal areas for national preservation are copyright ownership and exceptions. The interplay of these national norms with choice of law rules, however, may differ. In the case of allocation of ownership rights,

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[90] *See, e.g.*, Lucas, *supra* note 86 (laws of each country of receipt should apply to multinational copyright infringement committed over digital networks).

[91] *See, e.g.*, Louknitsky v. Louknitsky, 266 P.2d 910 (Cal. Ct. App. 1954)(presuming similarity of Chinese marital property law to California's); Leary v. Gledhill, 84 A.2d 725 (N.J. 1951). *But cf.* Phillips Petroleum Co. v. Shutts, 472 U.S. 797 (1985) (declining to apply Kansas law when that law conflicted with that of other jurisdictions, and Kansas had little connection to either the class action plaintiffs or the suit's subject matter); Castano v. American Tobacco Co., 84 F.3d 734, 740-44 (5th Cir. 1996) (decertifying multistate class action because the district court failed adequately to analyze possible variations in state law).

[92] *See generally* Ginsburg, Hague Lectures, *supra* note 88, at 336-38.

the multilateral treaties' and E.U. Directives' deference to national law in matters of copyright ownership indicates that national norms regarding employment or commissioned work relations should prevail. But should they prevail within each territory on which the work is exploited, or should the norm in the territory of the State with the most significant relationship to the work (usually, the country of origin) also govern in other countries in which the work is exploited? The management of rights under copyright might be simplified if choice of law rules designated a single applicable law, that of the country with the most significant relationship to the work's creation.[93] In that case, copyright ownership would remain constant across national borders, thus facilitating licensing.[94] In support of such a choice of law rule, one might contend that countries with less significant relationships to the work's creation rarely have an interest in contravening employer-employee (or commissioned work) relationships among foreign parties. On the other hand, one might also observe that local laws' allocation of copyright ownership defines labor relations in the country of exploitation, and that recognition of another country's less author-favorable ownership allocations with respect to foreign authors may result in an unfair competitive advantage against local authors, at least if local law makes local authors more expensive to deal with. Arguably, these concerns could find expression in application of the *ordre public* exception, leaving as the default rule the application of the law of the country with the most significant relationship to the work. In that case, with respect to ownership of the economic rights under copyright, national norms that implement the country of most significant relationship's policies about labor markets would continue to play an important role not only within that country's borders, but outside as well.[95]

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[93] This is usually the country of origin, but it could also be the one whose law is designated in the employment or commissioned work contract.

[94] *See* discussion *supra*, text and notes 86-88.

[95] A different analysis may be warranted when the compensation issue turns not on copyright ownership, but authorship status, cf. discussion of moral rights, *infra*. For example, the European Rental Rights Directive, Council Directive 92/100/EEC, O.J.E.C. No. L 346/61, art. 4.1, provides authors and performers an inalienable right to "equitable remuneration" for rentals of phonograms and copies of audiovisual works. Thus, no matter who owns the copyright in the motion picture or sound recording, the authors and performers must be compensated for the exploitation by means of rental. Similarly, private copying levies on the media and/or machinery of copying often prescribe the division of the collected levies among authors, performers, and producers. *See, e.g.*, 17 U.S.C. § 1006(b)(1)(2) (1994) (designating distribution of royalties from levy on digital audio recording devices and media, 40% of "sound recordings fund" to "featured performers"; 50% of "musical works fund" to "writers"); France, Code de la propriété intellectuelle, art.L.311-7 (setting forth division of private copying compensation

What approach should one follow when the issue concerns not ownership of economic rights, but assertion of moral rights? Here, the multilateral instruments and institutions send mixed signals: the Berne Convention sets a substantive minimum, that TRIPs does not enforce, and the E.U. has shied away from harmonizing national standards.[96] This certainly suggests that national norms may continue to differ, but, as with economic rights, does not tell us whether each norm should apply territorially, or whether the national norms of the country with the most significant relationship to the work's creation and initial dissemination also apply abroad. Two features of moral rights point towards discrete territorial application of local protections. First, the interests that moral rights secure are supposed to be "personal" to the author, for, in the terms of the Berne Convention, they address the author's "honor or reputation."[97] Arguably, the relevant locus of the author's honor or reputation (and, therefore, the competent national norm) is the author's residence or domicile, since that is where the author subjectively experiences the harm.[98] Nonetheless, "reputation" concerns how the author is perceived in other people's eyes. Harm to reputation is proved not by showing that the complainant was distressed by the alleged libel, but that others did or were likely to believe the libel, and accordingly treat the complainant the worse

among authors, producers, and performers). Moreover, the French law specifies that the "author" to be compensated for private copying is the author "within the meaning of the [French] code," *id.* See Jean-Sylvestre Bergé, La loi applicable à la circulation des oeuvres de l'esprit sur les réseau numériques; Le point de vue d'un juriste français; 33-34 (report submitted to the Ministry of Culture and Communication, 1999) (on file with author). A choice of law rule governing copyright ownership thus would not address a foreign author's or performer's standing to invoke the benefits of status-specific local measures. Rather, where a copyright or performer's rights treaty exists between the foreign claimant's country and the country of exploitation, the general principle of non-discrimination against foreign authors or performers should govern, and the foreign claimant would enjoy the status of a local author or performer.

96 *See* discussion *supra*, text at and notes 25, 69. The WCT art. 12 requirement that member States protect "rights management information," including information identifying the author of the work, may strengthen the Berne art. 6bis protection of the author's right of attribution; however, copyright owners are not obliged to add rights management information.

97 Berne Conv., art. 6bis.

98 *See, e.g.*, Pierre Bourel, *Du rattachement de quelques délits spéciaux en droit international privé*, 214 RECUEIL DES COURS DE L'ACADÉMIE DE DROIT INTERNATIONAL DE LA HAYE 251(1989). Not surprisingly, perhaps, in France, violations of moral rights are gauged subjectively, rather than with reference to public perception of the author's honor or reputation, *see* ANDRÉ LUCAS & HENRI-JACQUES LUCAS, TRAITÉ DE LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 332 (1994).

for it.[99] In some countries, authors may be more (or less) honored than in others; an alleged moral rights violation differently affects their local reputations.

Second, moral rights are not just personal to authors, they express national cultural policy concerning the recognition of authorship and the maintenance of the integrity of works. The more a country respects, not to say reveres, authorship, the more willing it is (at least in theory) to tolerate authors' disruption of the local commercial market for the work, by allowing authors to seek legal redress against its exploiters. This tolerance, however, should only extend to the local market. It follows for both of these reasons that the availability of a moral rights claim, and its assessment on the merits, should be determined by each country for its own territory.

Regarding exceptions to copyright, a strong case may also be made for application of each country's laws on its own territory. While international instruments impose a general framework, they preserve some national autonomy regarding the content (and, outside the E.U., the form) of copyright exceptions. Thus, the flexible (perhaps unpredictable) U.S. fair use exception may co-exist with a more rigid continental-style closed list of specific exemptions and limitations.[100] Arguably, the multilateral instruments' tolerance of substantive diversity says nothing about whether a single national norm limiting copyright should apply (for example, the law of the country from which the work is made available to the public, particularly via digital communications), or whether each country of receipt should apply its own norms regarding exceptions and limitations. Several considerations nonetheless point toward discrete territorial application of local norms limiting copyright, even for digital transmissions.

National legislatures establish copyright exceptions for the benefit of local users. This is particularly true of the "pork barrel" and "subsidy" kinds of limitations.[101] For example, the U.S. may wish (perhaps in contravention of its TRIPs obligations) to exempt small businesses and restaurants from paying performance rights royalties for radio and television performances;[102] there is no reason that this solicitude should benefit restaurants outside the U.S. Or the German federal legislature may compel

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[99] *See, e.g.*, Schlegel v. Ottumwa Courier, 585 N.W.2d 217 (Iowa 1998); Urban v. Dollar Bank, 725 A.2d 815 (Pa. Super. Ct. 1999).

[100] *Compare* 17 U.S.C. § 107 (1994) (fair use) *with* Draft Information Society Directive, art. 5.2 - 3 (list of authorized exceptions).

[101] *See* Jane C. Ginsburg, *Copyright or "Infograb"? Comment on General Report on Limitations Found Outside Copyright*, *in* ALAI STUDY DAYS 55 (Libby Baulsch *et al.* eds., 1999).

[102] *See* 17 U.S.C. § 110(5)(B) (Supp. IV 1998), and WTO dispute resolution procedure, discussed *supra* note 65.

authors to subsidize German schools by subjecting works used in school anthologies to compulsory licensing;[103] there is no reason this subsidy should extend to schools outside Germany, in countries that lack similar provisions.

Even with respect to free speech-motivated exceptions, such as criticism, commentary and parody, in the absence of greater international harmonization, local norms should determine how much free or price-controlled use the exception permits. For example, the Draft Information Society Directive permits quotation for purposes of criticism or review, if the use is "in accordance with fair practice, and to the extent required by the specific purpose."[104] Fair practice according to each member State's norms? According to a harmonized E.U. norm? National norms of fairness may differ: for example, the *revue de presse* may be a tradition in some countries, but not in others.[105] It is not obvious that an extensive *revue de presse* exception in the country from which the work is made available to the public should apply in countries of receipt that lack such an exception.

If the country of a digital communication's origin should not extrude its copyright exceptions to countries of receipt, what about the reverse proposition? Should countries of receipt apply their own exceptions, regardless of the law of the country of departure? Suppose for example, that a U.S. party made available over a digital network (and U.S.-based server) a parody whose copying exceeded U.S. fair use bounds, but was consonant with French practice. Should France apply its exception to parodies received in France? Outside the context of digital communications, for example, were the parody of a U.S. work created or exploited by analog media in France, principles of national treatment would subject the U.S. work to the same copyright limitations as French works incur. While simplicity, and ease of international commerce, counsel against the same result when a work is simultaneously made available in innumerable countries via the Internet, logical consistency would retain the application of the national norm. Moreover, the norm is an expression of the receiving country's cultural and information policy, manifested here by a choice to enhance its residents' exposure to certain kinds of works based on or incorporating portions of copyrighted works (*e.g.*, parody). To the extent that the receiving country can apply its norm, without foisting that norm on other countries, it should be able to do so.

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103 German copyright law, art. 46.

104 Draft Information Society Directive, art. 5.3(d).

105 *Compare* German copyright law, art. 49.1; France CPI, art. L-122-5, 3o(b) (both specifying revue de presse exceptions) *with* U.K. CDPA, art. 30; Belgian copyright law, arts. 21-22 (neither specifying a revue de presse exception).

CONCLUSION

"International copyright" can no longer accurately be described as a "bundle" consisting of many separate sticks, each representing a distinct national law, tied together by a thin ribbon of Berne Convention supranational norms. Today's international copyright more closely resembles a giant squid, whose many national law tentacles emanate from but depend on a large common body of international norms. In the meantime, while international norms continue to constrain, if not supercede, national copyright laws, some national norms remain significant. Sometimes national norms persist by designed deference to local labor and cultural policies, as seems to be the case with copyright ownership, and may be the case with exceptions and limitations on copyright. Sometimes, however, national norms endure from a failure of the political will of the drafters of multilateral instruments, as may also be the case with exceptions and limitations on copyright.

Copyright Conflicts on the University Campus

THE FIRST ANNUAL CHRISTOPHER A. MEYER MEMORIAL LECTURE

by
Robert A. Gorman

INTRODUCTION

by MIKE KLIPPER

My name is Mike Klipper. Chris Meyer and I founded the firm of Meyer & Klipper just over four years ago.

This is a very special day. It marks the first in what we anticipate will be an annual event to honor Chris' memory. I am very pleased at today's turnout and the fact that included among the attendees are representatives from every step of Chris' legal career — a career that saw Chris become one of the leading copyright experts of the latter part of the twentieth century. Before I turn the podium over to our guest speaker, I wanted to spend a few moments talking about Chris and his time as a copyright practitioner.

Chris entered the wonderful world of copyright in 1976 when he was hired as a staff at CONTU. From there, Chris went on to become a policy planning advisor at the Copyright Office for nearly a decade.

Chris left the Copyright Office in 1987 to enter private practice at the Proskauer law firm. At Proskauer, Chris, among many other things, was involved in major copyright cases, including the *Texaco* and *Kinko's* litigations. It was also at Proskauer where he first served as an expert witness, something he was especially good at.

Chris returned to government in 1993 to serve as senior copyright counsel at PTO's Office of Legislation and International Affairs. Among his many responsibilities at PTO were co-authoring the White Papers on Intellectual Property and the National Information Infrastructure; administering CONFU — the fair use/internet conference; serving as principal copyright advisor to USTR's 301 investigation of Chinese IP enforcement problems; and drafting the GATT/TRIPS provisions dealing with bootlegging of live performances and restoration of certain public domain foreign copyrights.

Chris left the PTO in 1995 to set up his own law firm. The next year he and I got together to form Meyer & Klipper.

Today's speaker needs no introduction to those of us in the copyright community. In fact, if you took a basic copyright course in law school chances are overwhelming that you used his casebook. Since 1965 he has been on the Penn law faculty and for the past 15 years he has held the title of Kenneth Gemmill Professor of Law. He is a prolific author; in addition to the copyright case book he co-authors with Jane Ginsburg, Bob has authored numerous articles in the copyright field. Bob's law school student paper on factual compilations won the first National Prize in the Na-

than Burkan Competition sponsored by ASCAP. Professor Gorman revisited that issue when he delivered the 12th annual Brace Memorial Lecture in 1982.

Bob is a graduate of both Harvard University and the Harvard Law School. After law school he clerked for the Honorable Irving Kaufman on the United States Court of Appeals for the Second Circuit. Prior to joining the Penn faculty in 1965, Bob was an associate at the Proskauer law firm.

Bob is a former trustee of the U.S. Copyright Society, a past president of both the American Association of University Professors and the Association of American Law Schools. He has served on various ad hoc AAUP and AALS committees on copyright matters. Bob has served at Penn as an advisor to the faculty senate and to the University administration on questions of copyright and other intellectual property matters.

COPYRIGHT CONFLICTS ON THE UNIVERSITY CAMPUS THE FIRST ANNUAL CHRISTOPHER A. MEYER MEMORIAL LECTURE

by ROBERT A. GORMAN*

It is a great honor to have been selected to deliver the first in what is expected will be a continuing series of lectures to honor the memory of Christopher A. Meyer. Biographical words about Chris are set forth elsewhere in this issue. As impressive as they are, no such words can adequately convey the force of Chris's mind and personality. His work on domestic and international copyright issues, from the most basic and theoretical to the most intricate and practical, from the vantage of both the government and the private sector, whether in the courtroom, the legislative chamber, or the negotiating room — all provided Chris with an encyclopedic knowledge and breathtakingly subtle perspectives. As well as being a gifted practicing lawyer, he was a gifted teacher (as his visits to my University of Pennsylvania Law School classes attested). He was the liveliest of live wires, intellectually and personally. And he was a dear and memorable friend to so many of us whose professional lives are devoted to the promotion of "science and the useful arts." In our field, which is so concerned with authorship and originality, Chris was a true original, authentic in every way. He will be recalled often, and very suitably through these annual lectures. He would surely have much that is illuminating to contribute to the issues to be explored here: the heightened importance of copyright, and the emergence of conflicting copyright interests, on university campuses throughout the United States.

Until very recently, universities have focused far less on copyright ownership and development than on patent ownership and development. Patents can generate millions of dollars of income for the university, which can then use that money to support scientific and medical research on the campus. Copyrightable works have rarely promised income of any magnitude, and as a result universities have traditionally taken little interest in copyright issues. Professors were allowed to publish their books and articles with publishers of their choice, free of university claims; and the same was true of teaching materials. Moreover, when universities *did* think about copyright, these tended consistently to be in the role of user or consumer of copyrighted works — typically in the classroom or the library — and rarely in the role of creator, publisher or copyright owner.

*Kenneth W. Gemmill Professor of Law, University of Pennsylvania Law School.

This picture has been dramatically changed in only a short time, and the change has been fueled by two revolutions. One is the technological revolution, which has brought us the computer and the internet, powerful and potentially remunerative technologies for teaching. The other revolution is the commercialization or corporatization of the university. This corporatization has many faces:[1] top administration and trustee positions being given to businesspeople rather than to academics, declines in government funding that induce the university to look to outside corporate sources to support university research (particularly in the hard sciences), and increased university linkages with commercial entities to produce and market instructional materials.[2]

Some 15 or 20 years ago, when faculty members began to develop computer programs (and not just scholarly and teaching materials), some universities began to shuck off their indifference toward copyright and to assert rights to those programs. The reasons were twofold: computer programs held promise of greater income from the intellectual property marketplace, and they had the aroma of patent as much as copyright (and universities and faculty members had grown comfortable with university ownership and commercial exploitation of patented inventions). More recently, indeed only within the past five years, universities have taken notice of the great potential market for teaching materials in the new forms permitted by the technological revolution — videos, CD-ROMs and the internet. And in so doing, university leaders have begun to think in terms of being copyright owners (content-providers, in today's jargon) at least as much as copyright users.

We therefore observe on college and university campuses an increasing tension between the administration and the faculty (and sometimes even the students) in staking out copyright claims; and also a tension between the roles of the university as content-provider and content-consumer; and even one between public and private universities in the copyright marketplace. I would like to explore some examples of these rather dramatic changes in copyright relationships on the campus: (1) the unauthorized distribution through the internet of university student classnotes posted there on commercial websites; (2) the emergence of distance education using digital technologies as a powerful new force in American universities; and (3) the possible impact upon higher education of the rapidly developing Supreme Court jurisprudence relating to sovereign immunity.

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[1] *See generally* E. Press and J. Washburn, *The Kept University*, ATLANTIC MONTHLY, at 39 (March 2000).

[2] *See* David F. Noble, *Digital Diploma Mills: The Automation of Higher Education*, 49 MONTHLY REV., at 38 (1998).

I.

Coming online only as recently as the fall of 1999, there are now reported to be between one dozen and two dozen websites devoted to the distribution of student-written classnotes from college and university courses. Typically, the dot.com companies that operate these websites pay university students $300 to $400 per semester to take notes of faculty lectures and to turn over those notes for posting on the internet.[3] These notes are accessible to students, and indeed to persons outside the university, free of charge, as the website is supported by commercial advertising and venture capital. Far more often than not, the faculty member is not informed of the commercialized e-notes, let alone asked for permission. It is reported that 25 percent of U.S. college students regularly review lecture notes online.[4] Versity.com, the largest of the companies — it has received more than $11 million in financing and was in April 2000 acquired by CollegeClub.com, the most widely used college-oriented website — posts online notes from nearly 7,000 courses at some 150 college and university campuses.[5]

Putting aside the question whether this is educationally sound[6] or morally appropriate, is this legal, or is it copyright infringement? There are three principal questions. Are the lectures copyrightable? If so, who owns the copyright? Do the notes infringe?

As to copyrightability, the principal sticking point is whether the lectures are "fixed in a tangible medium of expression" so as to be covered by the U.S. Copyright Act, as required by section 102(a).[7] Ironically, the more dreary and mechanical the faculty lecturer, who reads verbatim from yellowing notes, the clearer the protection he has under the federal act. What of the lecturer who is essentially an improviser? This is often what goes on in the law school class, with the professor's comments shaped in response to the students' comments from the room. Such altogether "unfixed" lectures are not without copyright protection, for they are subject to protection under state copyright law. This vestige of common law copyright is explicitly kept alive and insulated against preemption under sec-

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[3] *See, e.g.*, Goldie Blumenstyk, *Colleges Object as Companies Put Course Notes on Web Sites*, CHRON. OF HIGHER EDUC. (Sept. 17, 1999).

[4] *See CollegeClub.com Acquires Versity.com*, BUSINESS WIRE (visited April 19, 2000) <http://www.businesswire.com/webbox/bw.041900/201100061.htm>.

[5] *Id.*

[6] *See* Matheiu Deflem, *University4Sale-dot-com: The Educational Cost of Free Notes on the Internet*, *in* FOOTNOTES, ASA NEWSLETTER 28(4):6, also at (visited April 6, 2000) <http://www.sla.purdue.edu/people/soc/mdeflem/znotesasa.htm>.

[7] 17 U.S.C. § 102(a) (1994). All other statutory sections cited below in the text are from Title 17.

tion 301(a) and (b) of the federal act. The latter, for example, provides: "Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to . . . subject matter that does not come within the subject matter of copyright as specified by [section 102], including works of authorship not fixed in any tangible medium of expression."

That is not to say that the copyright laws of the various states are well-developed. But I think it clear that they would protect unwritten lectures. In the well-known case of *Estate of Hemingway v. Random House, Inc.*,[8] the New York State Court of Appeals affirmed the principle (in very strong dicta) that state protection attaches to oral presentations when "the speaker indicates that he intended to mark off the utterance in question from the ordinary stream of [conversational] speech, that he meant to adopt it as a unique statement and that he wished to exercise control over its publication." Unlike fully extemporized and contextually casual conversation, a lecture (however informal) delivered in a classroom to a group of students enrolled in a course is surely meant by the speaker not to be indiscriminately forfeited to persons who would make and distribute audiotapes or a written transcription — or, as pertinent here, who would post detailed summaries to a commercial website on the internet.

In the other great copyright state, California, there has for many years been legislation protecting authors of unfixed works. Section 980(a)(1) of the California Civil Code provides: "The author of any original work of authorship that is not fixed in any tangible medium of expression has an exclusive ownership in the representation or expression thereof as against all persons except one who originally and independently creates the same or similar work." To focus more clearly upon the application of its common law copyright to professorial lectures, the California state assembly in June 2000 passed a bill, A.B. 1773, that would explicitly extend copyright protection to "an academic presentation in a classroom or equivalent site of instruction by an instructor of record of the California Community Colleges, the California State University or the University of California." The term "academic presentation" is defined to mean "any lecture, speech, performance, exhibit, or other form of academic or aesthetic presentation . . . that is not fixed in a tangible medium of expression." The bill forbids the unauthorized preparation or distribution of a recording of such a presentation for commercial use.

A.B. 1773 awaits action in the California state senate. The restriction in the Assembly bill to presentations by instructors at public colleges and universities within the state is somewhat curious, given the power that is given by the federal Copyright Act to the states to protect *all* unfixed

[8] 244 N.E.2d 250 (N.Y. 1968).

works; but the language in the California bill presumably reflects the source of the lobbying initiative behind it,[9] and not any intention to deprive professors at private institutions of rights they would otherwise have in their lectures under Section 980 of the Civil Code or more generally under state common law copyright.

What about the copyrightability of the many professorial lectures that are based partly on written material and partly on improvised elaboration? The issue is not free from doubt: but so long as there is a structured written framework for delivery of a speech or sermon or lecture, the federal act should apply. The requirement of fixation finds its roots in the Constitutional requirement of an author's "writings," and that term has been broadly construed.[10] Moreover, to the extent the "fixation" requirement in section 102(a) is meant to satisfy evidentiary concerns — *i.e.*, to provide evidence of a protected work that can be matched up against any alleged infringing material — lecture notes that provide the framework for improvisation should satisfy those concerns.

In any event, surely one or the other of federal or state copyright protection should be available to the college lecturer — there is no reason for a vacuum or black hole of nonprotection. To avoid any confusion on this score, some universities are encouraging their faculty members to bring a tape recorder to each class and to simultaneously fix the words of the lecture, even if improvised, in tangible form in order to invoke the protection of the federal act.

Some institutions are advising that faculty members take other steps in order to provide legal protection outside of copyright against unauthorized student note-takers, including to state (orally or better yet in writing) that it shall be a condition of registration in the course that students are to take notes only for their own private use and not for purposes of commercial transfer or distribution in any form. Such an admonition would provide a basis for a contract claim against any students who violate this understanding; as with most state contract claims against unauthorized

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[9] The bill also contains certain instructions to the Regents and other governing boards of the state public higher education institutions, to implement the legislation.

[10] *See, e.g.,* Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884)(extending protection under the Constitution to photographs: "By writings in that clause [of the Constitution] is meant the literary productions of those authors, and Congress very properly has declared these to include all forms of writing . . . by which the ideas in the mind of the author are given visible expression."). *See also* the protection given to computer programs as "literary works," and to sound recordings, under § 102(a)(1), (7) respectively.

copiers, it is likely to survive any preemption challenge based on the federal Copyright Act.[11]

The next question that needs to be explored is "Who owns the copyright in the lectures?"[12] Who is the proper plaintiff if an action is to be brought against the website operators carrying the unauthorized student classnotes? It is remarkable how many universities in only the past two years have been dusting off their longstanding and indifferently enforced copyright policy statements, or drafting altogether new ones, to deal with the issue of ownership of professorial writings and teaching materials (or, in the jargon of today, courseware).

The argument for university ownership appears to be strong: professor-created works are "works made for hire," because they are (relying on the first part of the definition in § 101 of the Copyright Act) "prepared by an employee within the scope of his or her employment." The faculty member is an "employee" and surely the dictates of his or her employment require teaching and scholarship, so that books, articles and courseware fall within the scope of employment; they are created in furtherance of the faculty member's responsibilities and the university's mission, and not as a hobby or on a lark.

The university's argument should, however, be rejected. Even though the professor is indeed a university employee, the books, articles and teaching materials she creates should not properly be viewed as "within the scope of employment" as contemplated by the Copyright Act. When the employee in the Ford Motor Company advertising department drafts the text of a brochure to sell Ford cars, he works "on behalf of" his superiors, who can tell him to revise or scrap the work; and his brochure text will be understood by the reader to present the views of Ford. Engrained in the work-for-hire concept is the accountability of a subordinate to a superior. As a matter of both theory and practice, that analysis cannot be transplanted to academic writings.

It is the professor who selects the subjects to write about as well as the views about that subject that are presented to the reader; what the profes-

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[11] *E.g.*, ProCD , Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996). A copyright claim, however, has the appeal of running against the website operator and not merely against the student as would likely be the case with a claim for breach of contract.

[12] This issue has been addressed in the scholarly literature, with differing conclusions. *See, e.g.*, Rochelle C. Dreyfuss, *The Creative Employee and the Copyright Act of 1976*, 54 U. CHI. L. REV. 590 (1987); Laura G. Lape, *Ownership of Copyrightable Works of University Professors: The Interplay Between the Copyright Act and University Copyright Policies*, 37 VILLANOVA L. REV. 223 (1992); Todd F. Simon, *Faculty Writings: Are They "Works for Hire" Under the 1976 Copyright Act?*, 9 J.C. & U.L. 485 (1983); Russ Ver Steeg, *The Right of Teacher Inception*, 75 IOWA L. REV. 381 (1990).

sor's opinions are and how he expresses them are for him alone to decide, and no informed reader identifies the professor's views as those of the university employer. Such intellectual "insulation" between the professor and the institution is a central element in the principle of academic freedom, a principle that in turn is at both the historical and theoretical core of the university enterprise.[13] The academic-freedom roots of faculty ownership of copyright can be illustrated more practically. Were the university to own the copyright in faculty-created works, the university can block publication, can decide where and when to place the professor's work for publication, and can abridge, revise and delete as it chooses.

No university would, I suggest, claim those rights in academic writings — at least not without expecting a revolution on its hands from the faculty. Some universities have feebly voiced a distinction between scholarly writings, owned by faculty authors, and teaching materials, claimed by the university as works for hire — perhaps because meeting classes is thought more clearly to be a faculty obligation than writing articles. But precisely the same arguments based on principle, history and practicality apply to both and any attempted distinction along these lines is untenable. Copyright ownership of *examinations* may present a closer question; they are perhaps the only form of writing that faculty members are routinely *directed* to prepare (along with course syllabi), and it is not unusual to see copyright notices in the name of the university affixed to examination pages. Still, the same arguments relating to academic freedom and (as will be noted momentarily) the "portability" of faculty writings apply to examinations, and point strongly toward faculty ownership.[14]

As already noted, many universities are presently undertaking comprehensive reexamination of their copyright (and related intellectual property) policies, and most appear to be adopting formal statements that

[13] *See* American Association of University Professors, *1940 Statement of Principles on Academic Freedom and Tenure*, *in* publication of the results, AAUP Policy Documents & Reports ("The Redbook") 3 (1995): "Teachers are entitled to full freedom in research and in the subject to the adequate performance of their other academic duties .... Teachers are entitled to freedom in the classroom in discussing their subject, but they should be careful not to introduce into their teaching controversial matter which has no relation to their subject."

[14] It may sometimes be the case — when the class is conducted in "socratic" fashion in which the students play a significant role in an interactive instructional dialogue — that students may have ownership rights, certainly in their own contributions and also possibly as "joint authors" in the faculty member's contributions. The pertinent law under the federal Copyright Act is less than clear, see, *e.g.*, Aalmuhammed v. Lee, 202 F.3d 1227 (9th Cir. 2000)(contributions to motion picture script are not such as to create joint authorship), and under state common law copyright for unfixed works it is essentially nonexistent.

recognize the custom of faculty ownership of traditional or conventional forms of scholarship and teaching materials.[15] (The same is true in collective bargaining agreements that cover some quarter-million professors, overwhelmingly in public colleges and universities.[16])

This view helps to explain what has come to be called the "teacher exception" to the work for hire doctrine. It has been endorsed by two influential copyright judges on the Seventh Circuit Court of Appeals, Judges Posner and Easterbrook (who happen to be former full-time professors at the University of Chicago Law School). Their decisions, respectively, are *Hays v. Sony Corp. of America*,[17] and *Weinstein v. University of Illinois*.[18] They found no intention on the part of Congress, in writing the work for hire definition in the 1976 Act, to alter the longstanding academic custom of professorial ownership of copyright in works of scholarship and teaching. The leading state law case is from California, and involves, by a nice coincidence, the unauthorized commercial distribu-

[15] *See, e.g.*, the University Copyright Policy adopted in June 2000 by the Board of Trustees of Columbia University: "In keeping with longstanding academic custom, the University recognizes faculty ownership of copyright in traditional works of authorship created by faculty such as textbooks, other works of nonfiction and novels, articles, or other creative works, such as poems, musical compositions and visual works of art, whether such works are disseminated in print or electronically" (§ I(A)). *See also* STANFORD UNIVERSITY COPYRIGHT POLICY § 1(B): "In accord with academic tradition, except to the extent set forth in this policy, Stanford does not claim ownership to pedagogical, scholarly, or artistic works, regardless of their form of expression." But compare University of Chicago "New Information Technologies and Intellectual Property at the University," a committee report approved by the Council of the University Senate on April 27, 1999: "[W]e recommend that the University formally implement the principle that the University owns the intellectual property the faculty create at the University or with substantial aid of its facilities or its financial support."

[16] *See, e.g.*, AGREEMENT BETWEEN OAKLAND UNIVERSITY AND THE OAKLAND UNIVERSITY CHAPTER, AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS, § 12(A) (1994-97): "Oakland, in keeping with academic tradition, generally does not claim for itself copyrightable material, such as books, articles, theses, papers, lectures, novels, poems, musical compositions, computer software, and similar works which are intended to disseminate knowledge, such as the results of academic research, scholarship, and artistic expression of its faculty. Exceptions to this policy would be works subject to third-party contractual obligations (such as sponsored research agreements) or works produced under specific written agreements between a faculty member and Oakland."

[17] 847 F.2d 412 (7th Cir. 1988)(dictum).

[18] 811 F.2d 1091 (7th Cir. 1987)(dictum). To the same effect, see Sherrill v. Grieves, 57 Wash. L. Rep. 286 (D.C. 1929); Abernethy v. Hutchinson, 47 Eng. Rep. 1313 (Ch. 1825).

tion of classroom notes. In *Williams v. Weisser*,[19] the California appeals court reached the same result concerning the ownership of academic lectures that have not moved within the coverage of the U.S. Copyright Act.[20] The court held that the professor owned common law copyright in his lectures, lest he be unfairly and surprisingly barred from later delivering those lectures at other institutions to which he might move.

Assuming, then, that lectures are copyrightable and owned by the professor, is it copyright infringement to post student notes, without professorial authorization, to commercial internet websites? The argument for infringement is indeed quite straightforward: writing down for profit what the professor says, and further disseminating it for further profit, constitutes a four-way infringement under the Copyright Act (and no doubt under comparable rules of state copyright law were the lecture "unfixed"). There is an unauthorized reproduction in tangible form, which violates § 106(1); an unauthorized preparation of a derivative work (*i.e.*, an abridgment), which violates § 106(2); an unauthorized distribution of copies to the public, which violates § 106(3); and an unauthorized public display of the work, which violates § 106(5).

Yet the dot.coms resist these rather compelling conclusions by resorting to smoke and mirrors — which are rather transparent and cannot obscure the evident truth. The website operators have two principal responses: that the classnotes duplicate only unprotectible facts and ideas from professorial lectures, and that in any event the notes do not purport to parrot the lectures but rather to set forth the students' own interpretations (to which, ironically, the dot.coms make a claim of copyright).

The best way to deal with these defenses is actually to view the student notes on a website like Versity.com. Despite all of the attendant printed disclaimers that there is no attempt to record what the professor says, but only what the student thinks, how many students log onto these websites hoping to discover the musings of a college sophomore rather than the views propounded by the course instructor? By trumpeting the alleged creative intellectual input of the notetaker, in justifying their own intellectual property claims, the commercial websites altogether ignore the fact that the notes, which themselves infringe the professor's copyright, are denied by the Copyright Act any protection of their own. Section 103(a) plainly states: "[P]rotection for a work employing preexisting material in

[19] 78 Cal. Rptr. 542 (Cal. Ct. App. 2d Dist. 1969).

[20] At the time of the case, which preceded the enactment of the 1976 Copyright Act, works whether or not written fell within the protection of state common law copyright until the time when they were "published"; typically, this required the indiscriminate distribution of copies, so that the mere delivery of lectures would not, as the *Williams v. Weisser* court held, cause the loss of copyright protection under California law.

which copyright subsists does not extend to any part of the [derivative] work in which such material has been used unlawfully."

And it is an insult to even the dullest history professor to assert that all that he or she does when lecturing is to string together dates and events, without the slightest intrusion of thought and opinion. But even were that so, the selection, linkage and arrangement of dates and events will almost certainly meet the requirements of creative compilation authorship as set forth by the Supreme Court in *Feist Publications, Inc. v. Rural Telephone Service.*[21] And in any event surely the professor does more, mingling facts and ideas in ways that at least purport to provide insights into historical and scientific phenomena, let alone into the meaning and significance of literary, philosophical and artistic works of the past. The Court of Appeals for the Second Circuit, for one, has had little doubt that the unauthorized copying or paraphrasing of an author's analysis or interpretation of events, of the way she structures material and marshals facts, and of the emphasis she gives to particular developments is an infringement of copyrightable material.[22]

Little wonder that recent protests by institutions such as Yale University and the University of California at both Berkeley and Los Angeles have resulted in Versity.com pulling down the classnotes taken on those campuses. But there remains an ever-increasing catalogue of class notes on the internet, for which students avidly register and advertisers avidly advertise.

II.

Another issue that lies at the intersection of the entrepreneurial university and the new technologies is digital distance education. Defined simply, distance education (or DE) involves instruction communicated by the teacher in one location while the student receives it in a different location and often at a different time. Thus defined, DE is hardly new, given the correspondence course of olden days, and the radio and television broadcasts of instructional programs (many readers may remember Sunrise Semester). Some of the modern-day equivalents use transmission techniques like videoconferencing that allow for real-time (or synchronous) interaction between faculty and students viewing each other on large monitors or screens.

What has progressed dramatically in only the past five years is *digital* DE in which specially prepared courseware is used, either in CD-ROM form or more commonly through online internet transmissions, to reach

[21] 499 U.S. 340 (1991).

[22] Wainwright Securities v. Wall Street Transcript Corp., 558 F.2d 91 (2d Cir. 1977).

students who view it and can interact with it at a place (home, library or workplace) and time of their convenience — hence the term asynchronous DE. Universities have taken a keen interest in the development of digital DE. It allows them to take advantage of a much broader student audience — senior citizens who cannot readily come to the campus, working persons whose availability does not coincide with the typical college course schedule, individuals in rural locations far from the campus, students regularly enrolled in the university but based in a variety of campus sites across the state, and even their students beyond state and national boundaries. Courseware can even be marketed to *other* schools for students who are enrolled there. Many universities — at a time of difficult budgetary circumstances, often caused by reduced governmental funding — have been seizing upon these instructional opportunities made available by the new technologies.

One issue that arises, again, is that of ownership of copyright in this courseware. Here, unlike with traditional faculty scholarship and teaching materials, the universities are being more vigilant and indeed quite assertive in staking claims to specially prepared digital courseware. University policy statements and collective bargaining agreements are reposing in the institution ownership of faculty-authored works for which the university provides an extraordinary measure of equipment, facilities, staff assistance or compensation.[23]

Assume that Paragon Law School recruits its Professor Starr to prepare, for suitable compensation, a ten lecture introduction to Copyright, to be recorded and used both at Paragon and at other universities that wish to receive Professor Starr's courseware. Starr will provide his brainpower and lecturing prowess; and Paragon will provide facilities and non-teaching staff for artwork and editing, for videorecording and digital conversion into CD-ROM form, and ultimately for advertising and marketing. (In the real world, production and distribution are often handled through contractual arrangements with an independent commercial enterprise — or

[23] *See, e.g.*, the Columbia University Copyright Policy, adopted by the Board of Trustees in June 2000: "Ordinary use of resources such as the libraries, one's office, desktop computer and University computer infrastructure, secretarial staff and supplies, is not considered to be substantial use of such resources for purposes of vesting the University with copyright ownership in a work" (§ I(B)); "Copyright in Institutional Works is owned by the University. . . . Institutional Works also include some works produced as a collaborative effort under the aegis of a school or department, for example, works created in a project initiated by a school or department, or works that are created and then developed and improved over time by a series of individuals, where authorship cannot be attributed to any one individual or group of individuals (§ I(E)(1b))."

through the creation by Paragon University of a wholly owned for-profit subsidiary.[24])

Who owns the copyright in the ten lecture course? Is it a work for hire owned by Paragon (Law School or University)? Or does the teacher exception apply so that the copyright is owned by Professor Starr, just as in his usual classroom lectures? Here, the digital course is specially requested and paid for by Paragon; and the institution stipulates, or can, the coverage of the course and perhaps even the pedagogical techniques to be utilized. Because of these university-contributed elements, much like the producer of a motion picture, and the deviation here from the historical prototype of the independent faculty creation of teaching materials, it is likely that the teacher exception will not apply, and the work-for-hire doctrine will carry the day.

The university might also consider protecting its interests by invoking the second branch of the work-for-hire doctrine: a work specially commissioned from an independent contractor. Paragon University's arrangement with Professor Starr — to develop new material with the technological assistance of university staff — can reasonably be viewed as outside of the professor's typically unspecified "job description"; to that extent, he is functioning much like an independent contractor. Paragon should thus consider having Professor Starr sign a written agreement proclaiming his courseware to be a work made for hire — and the university should be prepared to argue that the courseware can fit within the phrase "instructional text," which is the closest category within the "commissioned work" branch of the statutory definition in section 101.[25]

In any event, a determination of who owns the copyright in the Paragon-Starr courseware will fall short of providing a definitive statement of their respective rights, in two important respects.

First, what might be described as the "default position" that follows from initial ownership can always be adjusted through contractual negotiation. For example, even should it be determined that ownership of courseware lies with the *professor*, an extraordinary measure of creative or financial input from the university may justify the university negotiating for reimbursement from, or a continuing share in, royalties — or for the right to use the courseware in other courses within the university without having to pay royalties. (Such division of royalties and the reservation to the university of a "shop right" are common in the allocation of rights to

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[24] *E.g.*, *For-Profit Venture to Market Distance-Education Courses Stirs Concern at Temple*, CHRON. OF HIGHER EDUC. Dec. 17, 1999, at A46. *See generally* David F. Noble, *Digital Diploma Mills*, *supra* note 2, at 38.

[25] Within the "work made for hire" definition in § 101, "instructional text" is defined as "a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities."

patents developed by university faculty.)[26] Conversely, even should it be determined that ownership of courseware lies with the *university*, university policy or a collective bargaining agreement or an individually negotiated agreement can expressly reserve to the faculty member any number of important rights, both economic and "moral": to share future royalties, to be given due credit on the courseware, to have the right of first refusal if the lectures are to be updated in later years, and to have the right to use the material in the professor's own courses and publications. Although individually negotiated arrangements have the desirable consequence of providing to the faculty member full knowledge of his rights, and an opportunity to adjust them, it is not surprising that universities may recoil from the burden of such frequent negotiations; at the least, any general university policy statement that deals with unconventional courseware should spell out the faculty member's rights with detail and clarity.[27]

A second reason why the respective rights of institutions and faculty members are not definitively to be determined by default rules about copyright ownership is because there exist, side-by-side, longstanding rules — sometimes unwritten and sometimes only vaguely understood — that deal with conflict of interest.

Thus, assume that Professor Starr from Paragon U. Law School is approached by another institution, say a small unaccredited New England for-profit institution named Concord Law School. Concord assists Starr to prepare his ten lecture series, which is videotaped and made digitally available to Concord students — who pay tuition to take all of their courses over the internet, without any classrooms, books or full-time faculty they can call their own. Paragon claims that Starr's lectures are an unauthorized derivative work based on his course material prepared at Paragon, and that Starr should cease and desist.[28]

It is likely, for the reasons outlined above, that Professor Starr owns copyright in his Paragon-based course materials, and that the Concord lectures are owned by him as well. But the issue is not so much copyright as it is conflict of interests: a full-time tenured professor at one school is offering, for pay, courses in the same subject matter at another school (however obviously lower on the academic pecking order). Starr may well argue that there is no conflict here, but simply the production by him of teaching aids along the lines of his treatises, nutshells, audiotapes and the like that Paragon has permitted him freely to author and market through-

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[26] *See generally* Ver Steeg, *supra* note 12 (urging courts to imply such a shop right as an element of the "teacher exception" to the work-for-hire principle in academia).

[27] *See* AAUP Statement on Copyright.

[28] *See Why Harvard Law Wants to Rein in One of its Star Professors*, WALL ST. J., Nov. 22, 1999, at 1.

out his teaching career. Resolution of this issue lies beyond the scope of this article about copyright.[29]

So far we have explored how digital distance education has had an impact on the methodology of developing teaching materials, and the resulting impact upon ownership and related rights under copyright law. It must be recalled, however, that universities and their faculty members are not only creators of intellectual property (*i.e.*, "content-providers"), but are also consumers of intellectual property created by others. Thus, when our hypothetical Professor Starr is invited or urged or directed by Paragon University to develop new courseware for its digital distance education programs — whether synchronous or asynchronous — it will likely be useful for Starr to incorporate in his digital materials copyrighted works of various sorts: texts, photographs, artwork, recorded music, plays, and snippets of television programs and motion pictures. Is it lawful for him to do so? Here, the university is acting in its more customary role as user of preexisting copyright materials owned by others.

In May 1999, the Copyright Office published its splendid Report on Copyright and Digital Distance Education, as directed by Congress under § 403 of the Digital Millennium Copyright Act of 1998, which expressed a predilection for the expansion of DDE.[30] The focus of the Report was the question whether and how to adjust the terms of the express exemption in § 110(2) of the 1976 Copyright Act for the transmission of certain nonprofit instructional programming. That section was written 25 years ago to shelter educational television as it then was. As pertinent, it exempts from copyright liability the transmitted performance of nondramatic literary and musical works, and the transmitted display of artworks, into classrooms (or to persons incapacitated or otherwise unable to get to classrooms) as a directly related part of systematic instruction by a nonprofit educational institution.

It would be impracticable to do full justice either to the complex issues discussed or to the views expressed in the Copyright Office Report. But § 110(2) and the Report make clear that Professor Starr is not automatically free in his digital DE course to incorporate the plays, TV programs or motion pictures that he might wish to use — because dramatic and audiovisual works are not exempt under that subsection as presently written. Nor will §110(2) shelter his use of even artworks and nondra-

[29] Many universities are comprehensively reconsidering and promulgating their conflict of interests policies along with their intellectual property policies.

[30] Pub. L. No. 105-394, 112 Stat. 2860 (1998). Congress in § 403 directed the Register to make "recommendations on how to promote distance education through digital technologies, including interactive digital networks, while maintaining an appropriate balance beween the rights of copyright owners and the needs of users of copyrighted works."

matic music in his internet-based DE course, because the pertinent recording and transmission technology inevitably requires the making of "copies" — on servers, in hard drives, and in Random Access Memory (RAM)[31] — while § 110(2) exempts only performances and displays but not reproductions.

The Report suggests that, at least as a temporary measure, the statute should be amended so as to exempt the transmission through digital technologies of the same sorts of artwork displays and nondramatic performances as have been exempted since 1978 — but at this time, no more. The possible expanded exemption for DDE transmissions of dramatic and audiovisual works should, in the view of the Copyright Office, await greater experience with, on the one hand, technological measures that safeguard against unauthorized "downstream" copying and re-transmission of courseware by students; and, on the other hand, licensing structures that will allow for quick permissions and fair license fees.

I agree with the preference of the Copyright Office for unregulated market solutions to even seemingly intractable copyright conflicts, such as those between highly valued "content providers" and highly valued educators. I also agree with the conclusion of the Copyright Office and the copyright-owner community that there is no justification, at least not yet, for the wholesale incorporation into DDE of the very broad permissions given by § 110(1) for face-to-face classroom instruction by teachers and students, which allow the performance or display of the entirety of any dramatic or audiovisual work in that circumscribed instructional setting. Showing a full motion picture with a serious instructional purpose may be untroubling in a classroom of 25 students, but is far more threatening to the primary and secondary film markets when made available through the internet, at least unless there are reasonable limits on the numbers of viewing students along with absolute safeguards against unauthorized reproduction and retransmission. But Congress might well give thought to importing from § 110(1) the permission given to teachers and students themselves to perform dramatic works, should those performances be transmitted to distant classrooms, presumably most commonly by teleconference or analog videorecording technologies; the same modest (and possibly positive) impact upon the market for professional performances can be expected from such teacher-student classroom performances, whether face-to-face or transmitted.

I believe too that Congress will have to revisit the longstanding and intuitively appealing distinction between nonprofit and profitmaking educational institutions in determining entitlement to the various DDE ex-

[31] *See* COPYRIGHT OFFICE REPORT at 71; Stenograph L.L.C. v. Bossard Assocs., 144 F.3d 96, 101-02 (D.C. Cir. 1998).

emptions. As mentioned above, so many DDE ventures are being carried out in ways — by contract, through corporate subsidiaries, and the like — that blur or eradicate the distinction between nonprofit and profitmaking institutions.[32] Perhaps the key question should be whether the "home" institution, the educational entity to which any marketing proceeds ultimately redound, is operated for profit or not; the case for an exemption clearly seems weaker (as has commonly been the case with the fair use doctrine) when income that is derived from the use of other's copyrighted material goes into the pockets of shareholders rather than back into the institution for educational purposes (or lower tuition fees). And that is true whether or not the profitmaking "home" institution is officially declared to meet the requirements of one or another accreditation organization.

It is in any event important to reiterate, as the Copyright Office Report forcefully does, that the fair use doctrine applies in the DDE context.[33] It is regrettable that the recent efforts at the Conference on Fair Use[34] — spearheaded by Chris Meyer on behalf of the Patent and Trademark Office — to develop guidelines for the use of copyrighted materials in asynchronous distance education ran aground in mid-1997 on account of disagreements between publishers and educators. Efforts should be made to revive the Guidelines effort. Even if the obviously preferred bilateral approach is thought still to be unprofitable, it would potentially be quite useful if, for example, those representing the educators, librarians and like-minded groups might seek to develop Guidelines that, in their own unilateral judgment — perhaps as informed or endorsed by a panel of neutrals such as a balanced group of academic copyright experts — will be fair and consistent with law. Surely these could be most helpful to institutions and professors around the country.

Guideline drafters must take care not to set quantitative standards that are inappropriate (whether on the low or the high side), and must make crystal clear that the purpose is to identify safe-harbor minima and not firm rules let alone maxima. They may also have to distinguish clearly between elementary and secondary education on the one hand, and higher education on the other; as one who participated in the deliberations surrounding the 1976 Guidelines on Classroom Photocopying,[35] I regret that

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[32] *See* COPYRIGHT OFFICE REPORT, *supra* note 31, at 137-38, 153.

[33] *Id.* at 161-63.

[34] This development is recounted by the Copyright Office at pp. 116-19 of the Report.

[35] *See* H.R. REP. NO. 94-1476, at 67-73; Princeton Univ. Press v. Michigan Doc. Servs., Inc., 99 F.3d 1381, 1390-91 (6th Cir. 1996)(en banc); Basic Books, Inc. v. Kinko's Graphics Corp., 758 F. Supp. 1522, 1527 (S.D.N.Y. 1991); Marcus v. Rowley, 695 F.2d 1171 (9th Cir. 1983). Interestingly, it appears that in

that was not stated clearly enough, so that what were really public school photocopying guidelines have been too unquestioningly transplanted into the higher education context.[36]

III.

I have mentioned the heightened attention to intellectual property issues, particularly copyright, on university campuses in only the past handful of years — and the newly emerging tensions between institutions and faculty members concerning claims of ownership. I have also mentioned the increased devotion of university resources to the content-provider role, as distinguished from the more traditional content-consumer role.

I would like, in closing, to address briefly one other recently developing copyright conflict, and that is between public and private universities. The chief precipitant here has been the Supreme Court's extraordinary fostering of state "sovereignty" through its elaboration of the Eleventh Amendment's bar to suits against states.[37] To short-circuit egregiously the hugely complicated background: the Court decided a linked pair of cases on the final day of the 1999 Court term, holding, stated somewhat broadly, that Congress — even though using the clearest of statutory language — cannot make the states, or state instrumentalities such as public colleges, liable for patent infringement or for violation of the Lanham Act (at least for deceptive advertising). These, respectively, are the so-called *Florida Prepaid*[38] and *College Savings Bank*[39] cases. Earlier Supreme Court cases had held that Congress lacked the power to subject states to damages actions under federal statutes enacted pursuant to its Article I authority,

every case in which the Guidelines have been invoked by the academic (or academic-support) defendant, that party has lost the case.

36 For example, in the settlement of an action brought in 1982 by several publishers against New York University (along with ten of its faculty members and an off-campus commercial copy center), the University agreed to require that all photocopying done in excess of the Classroom Guidelines, absent individualized checking with and approval of the University's General Counsel, would result in the individual faculty member's sole exposure to copyright liability, without defense or indemnification by the University. *See* ALAN LATMAN, ROBERT GORMAN & JANE GINSBURG, COPYRIGHT FOR THE EIGHTIES 491-92 (2d ed. 1985). The "chilling" effect on faculty members inclined to invoke broader fair use permissions is evident.

37 The Eleventh Amendment provides: "The Judicial Power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State."

38 Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627 (1999).

39 College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666 (1999).

which empowers Congress to regulate interstate commerce and to enact patent and copyright laws.[40] But these two 1999 Court decisions went further and also found lack of congressional authority under § 5 of the Fourteenth Amendment's Due Process clause, which empowers Congress to make laws barring states from taking property without due process of law.

In *Florida Prepaid*, the Court concluded that patents are a form of "property" protected against state appropriation without due process; and there seems little doubt that this would be true of copyrights as well. But these decisions left open the question whether the Fourteenth Amendment source of congressional power could justify imposing copyright (even though not patent) liability on the states for statutory and compensatory damages. Under the Court's very recent precedents, this turns upon a congressional demonstration that there is a significant pattern of state infringements and that the states provide inadequate comparable remedies under state law.[41] In his dissent,[42] Justice Stevens noted his "hope" that the Copyright Remedy Clarification Act of 1990 (the CRCA), which expressly imposed full infringement liability upon state defendants, would survive Eleventh Amendment challenge, particularly because its legislative history "includes many examples of copyright infringements by States — especially state universities." The Court of Appeals for the Fifth Circuit subsequently declined to follow Justice Stevens's hint and held in February 2000 in *Chavez v. Arte Publico Press*[43] that the CRCA was indeed unconstitutional.

If state colleges and universities (let alone all other sorts of state instrumentalities) cannot be sued for copyright infringement damages, a curious and regrettable dichotomy will be created between the University of Chicago and the University of Illinois down the street, and between the University of Southern California and UCLA down the street. Students at the former universities will, as part of the costs of their privately based education, have to pay derivatively for the institution's copyright permissions, while students at the latter universities — already entitled to greatly lower tuition costs — will not. Another obvious anomaly is that public institutions may well become indifferent to copyright liability as users of the copyrighted works of others, while there is every reason to assume that they will be quite assertive about their own copyrights in newly developed digital courseware. (One might note that distance education courses are particularly prevalent at public community colleges.)

Will there be restraint on the part of the public institutions and state agencies more generally in their handling of others' copyrighted materials,

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40 Seminole Tribe of Florida. v. Florida, 514 U.S. 44 (1996).
41 119 S. Ct. at 2206-07.
42 119 S. Ct. at 2216, n. 9.
43 204 F.3d 601 (5th Cir. 2000).

or a public insistence upon copyright conformity by them? If not, then perhaps a pattern of copyright violations will emerge that is sufficient to sustain congressional abrogation of the Eleventh Amendment immunity of the states. Even this may be problematic, given the insistence of the Supreme Court majority that, in order to justify such abrogation, the infringements by the states must be intentional and not merely a product of carelessness or casual indifference[44] — yet another feature of the current Court's sovereign immunity jurisprudence that certainly escapes the naked eye when reading the stark language of the Eleventh Amendment.

So much for the recently developed copyright landscape on today's universities campuses. As the United States has become an information-based society, and as one of the major sources of information creation and dissemination is the university and its faculty, these issues are becoming more contentious, more important and of greater economic impact than ever before.

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[44] *See* 119 S. Ct. at 2209-10.

COPYRIGHT AT THE SUPREME COURT: A JURISPRUDENCE OF DEFERENCE

by MARCI A. HAMILTON*

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I. INTRODUCTION

The turn of the millennium is as much an invitation to look back as it is an opportunity to speculate about the future. The purpose of this Article is to take stock of copyright law as we stand on the brink of a new Millennium, an era that will undoubtedly challenge and stretch existing copyright assumptions. It assesses how copyright law has been interpreted by the United States Supreme Court since the first copyright case, *Wheaton v. Peters*,[1] was decided in 1834. Although not terribly nuanced, the Court's copyright perspective is more consistent than one might have expected, even pristine on some scores.

As the Court has faced cases involving copyright law, it has had little in the way of history — especially constitutional and even legislative — to guide its decision making. The record at the Constitutional Convention is barren of explanation regarding the theory, philosophy, or justification for copyright law. Copyright law in the United States had begun with state copyright laws passed pursuant to the Continental Congress.[2] Dissatisfaction with the lack of uniformity in copyright protection, paired with a belief in the necessity of copyright protection, made the argument for a federal copyright law sufficiently strong that the Framers adopted the Copyright Clause.[3] Unlike some other aspects of the Constitution, the Copyright Clause was adopted without debate and without dissent.[4] In the Federalist Papers, which were written to persuade the people to ratify the Constitution after it was drafted, Madison made the single statement that:

> The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of the common law. The right to useful inventions seeks with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provision for either

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[1] *See* Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834).

[2] *See* CRAIG JOYCE *et al.*, COPYRIGHT LAW 18 (4th ed. 1998); L. Ray Patterson, *Copyright Overextended: A Preliminary Inquiry into the Need for a Federal Statute of Unfair Competition*, 17 U. DAYTON L. REV. 385, 404 (1992); Howard B. Abrams, *The Historic Foundation of the American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119, 1173 (1983).

[3] *See* U.S. CONST. art. I, § 8, cl. 8.

[4] *See* THE FEDERALIST NO. 43 (Madison); JAMES MADISON, NOTES OF DEBATES IN THE FEDERAL CONVENTION OF 1787 at 580 (Adrienne Koch ed., 1966); *see also* PAUL GOLDSTEIN, COPYRIGHTS HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX 52 (1994); 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT §1.01[A] (1997).

> of the cases, and most of them have anticipated the decision of this point, by laws passed at the instance of Congress.[5]

Elements of the Court's later interpretation of the Copyright Clause are presaged by this passage, including an emphasis on the public good that forces author's rights to be conditioned by the public good; the omission of a theory of natural right for authors; and the goal of national uniformity. As the only direct statement on the Clause to be found at the Convention or in the Federalist Papers, though, it is precious little for courts being asked to interpret the meaning of particular terms in the Clause.

While the state laws and the Copyright Clause drew on the English experience with copyright law,[6] neither was a wholesale importation of the English system. Rather, each placed English formations into the context, first, of a confederation of states where the states individually enacted copyright laws,[7] and, second, of a Constitution embodying principles quite different from the English governing structure.[8] The Constitution's new environment for otherwise familiar concepts created, in fact, a new copyright construct.

Thus, the Framers and the framing generation did not begin from self-concious philosophical principles regarding copyright and then construct either the copyright market or the constitutional structure within which it would come to rest. Rather, the Framers were deeply pragmatic and political in their debates on all issues, and treated copyright as a self-evident element for inclusion without stopping to consider what it might mean in the context of this new governmental structure that emphasized the separation of powers and dispersion of powers.[9] Indeed, the failure of the Articles of Confederation and the deteriorating situation in the states at the time of the Convention deprived the Framers of the leisure within which such theories might have been spun. They were forced by circumstance to

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[5] THE FEDERALIST NO. 43 (Madison)(*available in* Westlaw [BICENT])(emphasis added).

[6] *See* Marci A. Hamilton, *The Historical and Philosophical Underpinnings of the Copyright Clause*, OCCASIONAL PAPERS IN INTELLECTUAL PROPERTY #5 (Cardozo School of Law 1999) [hereinafter *Historical and Philosophical Underpinnings*]; Abrams, *supra* note 2.

[7] By 1786, all states except Delaware had adopted copyright statutes: Connecticut (Jan. 1783); Massachusetts (Mar. 1783); Maryland (Apr. 1783); New Jersey (May 1783); New Hampshire (Nov. 1783); Virginia (Oct. 1785); North Carolina (Nov. 1785); Georgia (Feb. 1786); New York (Apr. 1786). LYMAN RAY PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE 183-89 (1968). *See generally* U.S. COPYRIGHT OFFICE, COPYRIGHT LAWS OF THE UNITED STATES OF AMERICA, 1783-1862 (1962).

[8] *See generally* Hamilton, *supra* note 6.

[9] *See id.; cf.* Marci A. Hamilton, *Religion and the Law in the Clinton Era: An Anti-Madisonian Legacy*, — L. & CONTEMP. PROBS. — (forthcoming 2000).

devise a feasible structure of government before the already deteriorating political structure in the states decayed past redemption.[10] Copyright, though plainly on the agenda, could not be as central to their deliberations as the new structure of government and distribution of power. In fact, having constructed the Constitution, the Framers were keenly aware of the fact that they could not have worked out all of its potential problems and that they had not operated from any pure theoretical base. They sent the draft to the Congress with a letter expressing their pride but also their expectations that the document was not perfect. Thus, James Madison, in particular, worried whether it was adequate to the task.[11] The language of the Clause[12] and its position in the structure of government became the primary hallmarks for judicial interpretation.

When the first copyright statute was adopted pursuant to the Constitution's Copyright Clause, Congress engaged in little debate. Just as the history of the drafting of the Clause left little for the courts to employ, the Congress provided no guidance beyond the language of the Act.[13] The legislative record has grown over the course of two centuries, to be sure, but that history has little explored the philosophical underpinnings of the Clause.

In sum, the Supreme Court has had a paucity of materials from which to draw to interpret the theoretical premises for United States copyright law. No constitutional history directly on point; relatively little legislative history; and a history of English copyright law that might offer some guidance, but was not definitive on most issues, because the surrounding governmental structure and governing principles had radically changed.

The paucity of materials has led to relatively short opinions, but it has not stood in the way of the Court embracing a philosophical approach to copyright law. From the first case, through the present, the Court has treated copyright law as positive law, the parameters of which are deter-

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[10] *See* GORDON S. WOOD, THE CREATION OF THE AMERICAN REPUBLIC 1776-1787, 409 (1998); *see generally* BERNARD BAILYN, THE IDEOLOGICAL ORIGINS OF THE AMERICAN REVOLUTION (1992).

[11] *See* letter to Congress accompanying draft Constitution *in* MADISON, NOTES OF THE DEBATES (visited Oct. 19, 1999) <http://www.yale.edu/lawweb/avalon/debates/912.htm>; JACK N. RAKOVE, JAMES MADISON AND THE CREATION OF THE AMERICAN REPUBLIC 53, 68 (1990).

[12] "The Congress shall have power to Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries," U.S. CONST. art. I, § 8, cl. 8.

[13] *See* Copyright Act, 1 Stat. 124 (1790); 1 ANNALS OF CONG. 1082-83, 1143, 1145, 1342 (Joseph Gales ed., 1834) (passage of bill in the House of Rep.); 2 ANNALS OF CONG. 1004, 1006-07, 1009-10 (Joseph Gales ed., 1834) (passage of bill in the Senate).

mined by the Congress (which, in certain circumstances is limited by the Constitution's strictures). If there is anything to be taken from the Supreme Court's copyright jurisprudence, it is that the Court steadfastly has rejected a natural law theory of copyright.

Before turning to the substance of the Supreme Court's copyright cases, certain numbers are worth reporting. There are eighty-two cases either directly addressing copyright issues or affecting copyright law in important ways. The number of copyright cases before the Court suggests that copyright law has been a constant at the Supreme Court, but not an issue that appears every Term or even every other Term. Thus, it is an issue on which the Court has cut its teeth, but not been preoccupied.

The Court's copyright cases can be broken down into three groups. First, sixty-one cases reach a holding limited to statutory interpretation.[14] Second, a significantly smaller group, twelve cases, center on constitutional questions.[15] Of those twelve, five cases interpret the Copyright Clause.[16] Seven other cases apply constitutional principles, *e.g.*, preemption or the Seventh Amendment's right to a jury trial, in a copyright context.[17] Third, ten cases implicate copyright law, though the holding does not involve copyright per se.[18]

The numbers alone show that the Court has spent the vast majority of its time in copyright cases engaging in statutory interpretation, either applying the plain language of the copyright acts or filling the gaps left by the Congress. In the vast majority of cases, the Court has been quite content with limiting its role to statutory interpretation and has not trod on theoretical or constitutional ground.

One of the most recent cases, *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, would seem to defy this paradigm and suggests that the Court's willingness to acquiesce in Congress's legislative judgments without further elaboration may have peaked. In *Feist*, the Court reached a holding

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[14] *See* Appendix A.

[15] *See* Appendix B.

[16] *See* Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991); Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903); Higgins v. Keuffel, 140 U.S. 428 (1891); Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884); Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834). *See also* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984); Goldstein v. California, 412 U.S. 546 (1973).

[17] Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340, 346-47 (1998); Harper & Row Publishers, Inc., v. Nation Enters., 471 U.S. 539, 556 (1985); Capital Cities Cable, Inc. v. Crisp, 467 U.S. 691, 698 (1984); *Sony*, 464 U.S. at 431; *Goldstein*, 412 U.S. at 570; Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964); Watson v. Buck, 313 U.S. 387, 402-03 (1941).

[18] *See* Appendix D.

that was fully supported by the Court's own reading of the statute.[19] The earlier copyright cases' inclination to focus on statutory issues, combined with the constitutional rule that courts should not decide constitutional issues unless necessary for the case,[20] would have led one to predict that this would have been another in the long line of cases beginning and ending with statutory interpretation.[21] The Court, however, did not stop with its interpretation of the 1976 Copyright Act, but rather forged ahead to enter constitutional waters to declare that the statute's "originality" requirement is constitutionally required.[22] The stretch for a constitutional holding was unusual.

Feist, though, is not a complete anomaly in the Court's jurisprudence, because the constitutional issue addressed was the interpretation of the Copyright Clause, which is the most frequently addressed constitutional issue by the Court among copyright cases implicating the Constitution. Indeed, until 1941, the *only* constitutional issue addressed in any copyright case was interpretation of the Copyright Clause.[23] The variety of constitutional issues implicated by copyright law has increased markedly in the mid-to-late twentieth century. Since 1941, the Court has heard copyright cases in which it has addressed the Supremacy Clause, the First Amendment, the separation of powers, the Copyright Clause, and the Seventh Amendment.[24] There is reason to believe that this trend will continue and that the Court will expand its constitutional copyright jurisprudence in this millennium.

This Article addresses three themes manifest in the Supreme Court's cases. First, the Court's cases, especially in the eighteenth and nineteenth

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19 *Feist*, 499 U.S. at 358-59.

20 *See* National Labor Relations Bd. v. Catholic Bishop of Chicago, 440 U.S. 490, 500 (1979).

21 *See* Marci A. Hamilton, *Justice O'Connor's Intellectual Property Opinions: Currents and Crosscurrents*, 13 WOMEN'S RTS. L. REP. 71, 73-74 (1991).

22 17 U.S.C. 102(a) (1994); *Feist*, 499 U.S. at 362.

23 *See, e.g.*, Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 250-25 (1903); Higgins v. Keuffel, 140 U.S. 428, 433 (1891); Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 58-60 (1884); Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 662-63 (1834). *See also* In re Trade-Mark Cases, 100 U.S. 82 (1879).

24 Since 1941, the Court has addressed the Supremacy Clause in its preemption cases including: Capital Cities, Inc. v. Crisp, 467 U.S. 691, 698 (1984); Goldstein v. California, 412 U.S. 546, 570 (1973); Watson v. Buck, 313 U.S. 387, 402-03 (1941); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964). Other constitutional cases include: Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340 (1998) (Seventh Amendment); *Feist*, 499 U.S. at 346 (1991)(Copyright Clause); Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S 539, 556 (1985) (First Amendment); Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 431 (1984) (separation of powers).

centuries, are dominated by thin explanation of the purposes of copyright law and an extreme deference to Congress. Copyright law is treated as positive law and constitutional concerns occupy at most the periphery. Second, the Court's cases do not reveal a theory that is centered on natural law or the needs or desert of the author. The Court has crafted a copyright jurisprudence that does not favor or even focus on the author but rather emphasizes the public purposes identified in the Copyright Clause. The best proof of the Court's resistance to an author-centered jurisprudence is its willingness to read with vigor the early federal copyright statutes' penalties for failing to abide by formalities, like notice and registration. The cases addressing new technologies also reveal a Court not predisposed to the author's position. The Court has interpreted narrowly its gap-filling potential and resisted such expansions of the copyright law in cases involving technologies that could not be easily analogized to existing protections, thereby limiting the authors' power in the new technological context. In these cases, the Court has left it to Congress to expand the author's domain. Finally, the Court has embarked upon an emerging constitutional interpretation of copyright law that has the potential to transform the Court's role in copyright analysis from one subservient to Congress's statutory scheme to one in which the Court plays an active role in holding the Congress to the Constitution's limitations. This emerging jurisprudence is a development rich with possibilities.

II. THE REJECTION OF NATURAL LAW IN COPYRIGHT CASES: WHEATON V. PETERS

Throughout its copyright jurisprudence, the Court embraced the principle that copyright law is based on positive, not natural, law. As a result, it has chosen the role of statutory interpreter in most copyright cases. The Court's first copyright case, *Wheaton v. Peters*, decidedly set the tone for the succeeding copyright jurisprudence. In *Wheaton v. Peters*, the plaintiffs sued the defendants for copyright infringement of collections of cases rendered by the United States Supreme Court.[25] The plaintiffs in *Wheaton* argued for a common law right, purportedly drawn from England, that exceeded statutory copyright. The defendants responded with the argument that plaintiffs had not fully complied with the statutory prerequisites for copyright protection,[26] to which the plaintiffs responded that they were protected under common law copyright regardless.[27] The defendants, thus, treated the federal copyright statute, The Copyright Act of 1790, as

[25] 33 U.S. 591 (1834).

[26] *See id.* at 634-35.

[27] *See id.* at 651-52.

positive law, containing the full set of rights and responsibilities of copyright owners.[28]

There were three paths open to the Court that could have changed the course of United States copyright jurisprudence, each of which the Court rejected. First, the Court could have declared that the English copyright law was the foundation on which United States copyright law was built and, therefore, principles of English copyright law controlled all or most aspects of United States copyright law. The Court refused to read the entirety of the English copyright law into the body of United States copyright law, however, stating:

> It is insisted, that our ancestors, when they migrated to this country, brought with them the English common law [on copyright], as a part of their heritage.
>
> That this was the case, to a limited extent, is admitted. No one will contend, that the common law, as it existed in England, has ever been in force in all its provisions, in any state in this union. It was adopted, so far only as its principles were suited to the condition of the colonies; and from this circumstance we see, what is common law in one state, is not so considered in another.[29]

Second, the Court could have identified a theory or philosophy that would supresede or trump conflicting statutory law. For example, John Locke's theories of property were widely available and discussed at the time.[30] The Supreme Court did not use its copyright tabula rasa, however, to inscribe a *theory* of copyright law. Having rejected English common law as the primary interpretive tool for United States copyright law, the Court did not embrace Locke's theory of property rights in which the author deserves protection because of the labor he exerts. Instead, the Court turned to the Copyright Clause to explain that the *Constitution* — as opposed to natural law — granted power to Congress to enact copyright legislation.[31] By enacting federal copyright law pursuant to the Clause, the Court reasoned, Congress was not merely "sanctioning an existing right" but rather creating a new, statutory right.[32]

This declaration that United States copyright law is solely statutory positive law had far-reaching effects, in part because of the role that Con-

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[28] *See id.* at 638-39.

[29] *Id.* at 659.

[30] *See* Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533 (1993).

[31] *See* Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 660 (1834).

[32] *See id.* at 661.

gress plays in the constitutional scheme. The Congress, if playing its appointed constitutional role, filters factional views to arrive at determinations that are supposed to be in the best interest of the polity as a whole.[33] It is a highly populated institution with many portals to various communities, factions, and locales, and, therefore, legislation inevitably is a product of compromise and debate.[34] The Copyright Clause, with its directive to Congress to enact copyright laws that further the "progress of science and the useful arts" underscores the Congress's obligation to serve the common good.[35] By explicitly and firmly placing copyright law in the hands of the Congress, the Court's reading of the Copyright Clause in *Wheaton v. Peters* distanced federal copyright law from any necessary connection to natural law. The Court has cited *Wheaton v. Peters* for the proposition that copyright law is, first and foremost, statutory law.[36] One hundred and fifty years following *Wheaton v. Peters*, the Court adhered to its refusal to embrace a natural law of copyright, saying that its primary focus is not to provide a "special private benefit" but rather to "give the public appropriate access" to creative work products.[37] Pursuant to the Clause's directive to further the development of knowledge consistent with Congress's role, the Court has subjugated particular interests, including those of artists and authors, to the greater good.

Third, the Court could have staked out more power in the copyright arena by asserting that its understanding of copyright principles, derived from the Constitution's Copyright Clause, was superior to Congress's. The Court, however, did not flex this potential muscle at this time. To the

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[33] For discussion of the role of the legislator in the Constitutional scheme, *see* Marci A. Hamilton, *Nondelegation and Representation: Back to Basics*, 20 CARDOZO L. REV. 807 (1999); Marci A. Hamilton, *The People: The Least Accountable Branch*, 4 U. CHI. ROUNDTABLE 1 (1997); Marci A. Hamilton, *Discussion and Decisions: A Proposal to Replace the Myth of Self-rule with an Attorneyship Model of Representation*, 69 N.Y.U. L. REV. 477 (1994). *Cf.* Edward Rubin, *Beyond Public Choice: Comprehensive Rationality in the Writing and Reading of Statutes*, 66 N.Y.U. L. Rev. 1 (1991).

[34] *See* Marci A. Hamilton, *Nondelegation and Representation: Back to Basics*, 20 CARDOZO L. REV. 807 (1999).

[35] U.S. CONST., art. I, § 8, cl. 8.

[36] *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 431 (1984); Mazer v. Stein, 347 U.S. 201, 214 (1954); Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932); Southern Pacific Co. v. Jensen, 244 U.S. 205, 221 (1917); Caliga v. Inter Ocean Newspaper Serv. Co., 215 U.S. 182, 188 (1909); Globe Newspaper Co. v. Walker, 219 U.S. 356, 362 (1908); Bobbs-Merrill Co. v. Straus, 210 U.S. 339, 346 (1908); White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1, 15 (1908); American Tobacco Co. v. Werkmeister, 207 U.S. 284, 252 (1888); Callaghan v. Meyers, 128 U.S. 617, 648 (1888).

[37] *Sony*, 464 U.S. at 429.

contrary, the *Wheaton v. Peters* Court built into copyright doctrine great deference to congressional judgment regarding the appropriate parameters of copyright law. The plaintiffs argued that failure to effect the formalities in the Act of 1790 could not be intended to divest the copyright owner of his rights.[38] In other words, the formalities were not central to the copyright scheme and not that important. The Court expressed little patience for this line of argument, stating that if the Act's formalities "are indeed wholly unimportant, Congress acted unwisely in requiring them to be done. But whether they are important or not, is not for the courts to determine, but the legislature. . . . [W]e are not at liberty to say they are unimportant and may be dispensed with."[39]

By not embracing any of these options — English common law as a primary interpretive tool, the declaration of a natural law philosophy of copyright law, or the expansion of its power under the Copyright Clause to limit Congress's power — the Court in *Wheaton v. Peters* foreswore its power to influence copyright agenda and law. Copyright law, therefore, began and persisted as the special provenance of the Congress, not the Court. This spirit imbues many of the Court's subsequent copyright decisions.

III. COPYRIGHT LAW AS POSITIVE LAW AND THE PERSISTENT REFUSAL TO EMBRACE AUTHOR'S RIGHTS AS THE FULCRUM OF COPYRIGHT PROTECTION

From its earliest decisions, the Supreme Court rejected an author-centered vision of the copyright law. The Court has resisted an author-centered approach on three fronts. First, it embraced, without debate or regret, the sometimes harsh formalities of the early copyright statutes. Second, when new technologies appeared for which there was no existing analogy in the statute, the Court was inclined to deny authors the power to control or benefit from the new technology through copyright law. Third, it took seriously the Copyright Clause's charge to further the "Progress of Science, [or, knowledge] and useful Arts,"[40] and interpreted this language to mean that the Clause places the public interest ahead of all others.

A. The Court's Willingness to Embrace Formalities to the Detriment of Authors' Rights in Their Works

There is no better evidence of the Court's disinclination to embrace an author-centered scheme than its willingness to enforce with vigor the

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[38] *See* Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 607 (1834).
[39] *Id.* at 664.
[40] U.S. CONST. art. I, §8, cl. 8.

sometimes harsh formalities of the early federal copyright laws. Moreover, when the Court has been asked to fill the gaps left in the statute regarding formalities, it has tended to read the formalities with vigor against the author. Were the Court treating copyright law as a natural law right, or a right triggered by the effort or labor of the author,[41] such formalities would seem to be an intolerable burden on such rights. On these theories copyright is a right that is automatic or earned for labor in producing the creative product. Logically, then, on these theories, a failure to fulfill formalities should not wholly undermine the copyright as it does in these cases.

Yet, the Court has not hesitated to defer to Congress whenever it has instituted a regime of formalities. For example, in *Merrell v. Tice*,[42] the Court held that an unsigned statement that copies were deposited with the Library of Congress was insufficient to prove that the copies were in fact deposited.[43] With a similar lack of sympathy for the author or his assignees, in *Thompson v. Hubbard*,[44] the Court held that a notice that omitted the year of registration and the name of the owner was insufficient and therefore the owner could not maintain a copyright suit.[45] The Court also interpreted the statute against the author in a series of cases involving publication of portions of a book in serialized form, holding that the lack of notice on the serialized portions forced such portions into the public domain even if the book as a whole was copyrighted subsequently.[46] Similarly, a single notice of copyright on a sheet of copies was held to be insufficient to secure copyright in each copy.[47] The Court also held that an infringer must have infringing sheets in his possession for the author to obtain the statutory penalty, even where he had such sheets in his hand previously.[48] In addition, actions for forfeiture of infringing materials and statutory penalties were not permitted to be brought separately; where one was brought without the other, the second action did not stand.[49] Fi-

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41 The best work done on the desert theory is by Professor Wendy Gordon, who has labored consistently in Locke's vineyard. *See* Wendy J. Gordon, *Toward a Jurisprudence of Benefits: The Norms of Copyright and the Problem of Private Censorship*, 57 U. CHI L. REV. 1009 (1990); Wendy J. Gordon, *An Inquiry Into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 STAN. L. REV. 1343 (1989).

42 104 U.S. 557 (1881).

43 *Id.* at 561-62.

44 131 U.S. 123 (1889).

45 *Id.* at 149-51.

46 *See* Mifflin v. Dutton, 190 U.S. 265 (1903); Mifflin v. R.H. White Co., 190 U.S. 260 (1903); Holmes v. Hurst, 174 U.S. 82 (1899).

47 *See* Louis Dejonge & Co. v. Breuker & Kessler Co., 235 U.S. 33 (1914).

48 *See* Bolles v. Outing Co., 175 U.S. 262 (1899).

49 *See* Werckmeister v. American Tobacco Co., 207 U.S. 375 (1907); *see also* Hills & Co. v. Hoover, 220 U.S. 329 (1911) (owner of copyright in engravings is

nally, in companion cases in 1903, the Court read the copyright statute's formalities narrowly in a blow to authors of serialized stories.[50] The Court permitted previously published, serialized portions of a book to fall into the public domain even if the publisher of the magazine including the serialized portions had registered for copyright and even if the author subsequently registered the entire book for copyright.[51] These are harsh results for the failure of authors and artists to satisfy the bureaucratic requirements of the acts, but the Court did not hesitate to hold such formalistic infractions against authors.

This is not to say, though, that the Court has been rabidly opposed to the author. The Court has handed small victories to authors in the formalities cases where such interpretations are amply supported by the statute. In another gap-filling case, *Callaghan v. Myers*,[52] the Court faced the very technical question whether the three formalities required to be performed in a particular order could be presumed to have been performed in the appropriate order if done on the same day and answered in the author's favor. Similarly, in *Brady v. Daly*,[53] the Court held that a suit for injunction in which no proof was offered regarding profits did not preclude a subsequent action for damages. The Court also held that the notice requirement was satisfied if it appeared on copies even if it did not appear on the original.[54] Combined with the cases in which the Court has been more than willing to let Congress permit authors to lose all of their copyright for failure to fulfill the statute's formalities, these cases show that the Court has not shaped its copyright jurisprudence around authors' needs, rights, or desires, but rather a principle of deference to the Congress.

B. The Court's Denial of Rights Over Works Distributed Through New Technologies

In a series of cases, the Court addressed whether authors could expand the copyright arena by extending control over new technological means of distributing or copying their works. Whenever the new technol-

restricted to a single suit to enforce the forfeiture and penalties prescribed by law in case of infringement).

[50] *See* Mifflin v. Dutton, 190 U.S. 265 (1903); Mifflin v. R.H. White Co., 190 U.S. 260 (1903); *see also* Holmes v. Hurst,174 U.S. 82 (1899) (holding that the serialization of a literary composition in a magazine prior to registration of the work as a whole constitutes publication under the 1831 Act and precludes the author from restraining others who publish the uncopyrighted serialized parts as a consecutively paginated book).

[51] *See Dutton*, 190 U.S. at 268; *R.H. White*, 190 U.S at 264; *Holmes*, 174 U.S. at 609.

[52] 128 U.S. 617 (1888).

[53] 175 U.S. 148 (1899).

[54] *See* American Tobacco Co. v. Werckmeister, 207 U.S. 284 (1907).

ogy could not be analogized easily to existing copyright rights, and therefore did not easily fit within the governing copyright act, the Court resisted such an extension of authorial control over the work. Instead, the Court has left such expansions of power to the Congress.

In *White-Smith Publishing Co. v. Apollo Co.*,[55] the Court rejected the notion that piano player rolls were illicit copies and therefore infringing.[56] The Court then turned to the United States statute, saying that the "case turns upon the construction of a statute, for it is perfectly well settled that the protection given to copyrights in this country is wholly statutory."[57] Even though the piano player rolls produced the song in a way that was identifiable and therefore arguably generated copies over which the author and therefore the author's assignee should have been able to assert rights, the Court reasoned piano rolls were not within the coverage of the copyright act because they were not sufficiently analogous to sheet music, which was protected. Illustrating this point, the Court quoted a lower court judge ruling against the author, stating that he "could not convince [him]self that these perforated strips of paper are copies of sheet music within the meaning of the copyright law. They are not made to be addressed to the eye as sheet music, but they form part of a machine. They are not designed to be used for such purposes as sheet music, nor do they in any sense occupy the same field as sheet music."[58] The Court also adverted to a British case making the same point that a piano roll is not a copy under the copyright act because it is not easily assimilable to the sheet music legitimately covered by copyright law.[59] The Court thus held that the act did not encompass piano rolls because they did not copy the original version, the sheet music, in a way readable by a person.[60] The Court reached this conclusion despite Justice Holmes' trenchant concurrence disputing the Court's wooden reading of the statute in which he pointed out that the *purposes* of the statute were achieved where the copy was produced "with or without human intervention."[61] Despite Holmes' reservations, the Court refused to fill the gaps in the copyright act to benefit the author, but rather read the statute narrowly so as not to encompass the new technology that could not be analogized by the Court to existing protection.

The Court employed similar reasoning when asked to expand the author's preserve in cases involving the proliferation of means of distributing

55 209 U.S. 1 (1908).
56 *Id.* at 17-18.
57 *Id.* at 15.
58 *Id.* at 12 (quoting Kennedy v. McTammany, 33 F. 584 (D. Mass. 1888)).
59 *See id.* at 14.
60 *See id.* at 16-17.
61 *Id.* at 20.

television shows. The author was not permitted to extend his control over copyrighted works in challenges to cable distribution of television broadcasts or a challenge to video cassette recorders, the latter of which made it possible to make exact copies of television shows.[62]

The popularity of television combined with the inability to receive broadcasts in certain areas, especially hilly terrain, led the Fortnightly Corporation in West Virginia to erect large antennas to receive the broadcast signals and then to sell access through cable.[63] United Artists Television objected on the ground that they held the rights of performance in the works and that Fortnightly was infringing that right. In a characteristically narrow reading of the statute, the Court held that cable distribution of a television broadcast did not violate the copyright owner's right to "perform" as that term is defined by the copyright act.[64] It was "clear that [Fortnightly's] systems did not 'perform' the respondent's copyrighted works *in any conventional sense of that term.*"[65] The Court conceded, though, that it was faced with an interpretive task that would require gap-filling where the gap was created by decades-old language challenged by technology unanticipated at the time of its drafting.[66] The Court, thus, treated the issue as though it had latitude to interpolate the statute to embrace (or not embrace) the technology. Having granted itself that latitude, however, the next tack the Court took is telling. The Court did not focus on the effort or contribution United Artists or the authors had made that would justify expanding the author's domain to the cable distribution of the work. Rather, the Court focused on the technology and posited that television distribution is not a one-sided activity but rather a two-sided relationship.[67] "Both play active and indispensable roles in the process;

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[62] *See* Fortnightly Corp. v. United Artists Television, Inc., 392 U.S. 390, 400-01 (1968) (holding that the operator of a community antenna television (CATV) does not perform under the Copyright Act); Teleprompter Corp. v. Columbia Broad. Sys., 415 U.S. 394, 405 (1974) (holding that a CATV operator does not perform under the Copyright Act even though new services were implemented such as commercial and interconnection); Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984) (holding that the sale of videotape recording equipment did not significantly harm the copyrights on television programs by shifting the viewing time).

[63] *Fortnightly*, 392 U.S. at 391.

[64] *See id.* at 393-99.

[65] *Id.* at 395 (emphasis added).

[66] *See id.*

[67] From the standpoint of literary criticism, this is a fascinating turn in which the Court constructs a rudimentary outline of the relationship between author and viewer that echoes the debates about that relationship in the literary criticism literature of the time. *See, e.g.*, WOLFGANG ISER, THE ACT OF READING: A THEORY OF AESTHETIC RESPONSE 76 (1978); WOLFGANG

neither is wholly passive."[68] According to the Court, the broadcaster selected, procured or produced the program and then converted it into electronic signals while the viewer supplied the television set and antennas to receive the programs.[69] The question was whether the cable distribution was more analogous to the broadcaster or the viewer. The Court argued that the broadcaster did less than a motion picture exhibitor, because he only supplied electronic signals, not the images themselves. Therefore, the viewer of the television broadcast did more in the relationship between provider and viewer than it would if it were watching a motion picture. The Court reasoned that the cable distributor was more analogous to a viewer than a broadcaster and therefore the author's right to perform had not been violated.[70]

From the vantage point of an author or the author's assignees, the Court's reasoning was remarkably off point. The author-centered perspective would argue that the author's work is being distributed without permission of the author, and therefore the author is being deprived of a reward he should otherwise receive which is justified by either labor or right. The Court, however, resolutely refused to take the author's perspective as its guiding principle, instead focusing on the technology of television and imposing its "disarmingly simple" construct of "two groups in the general field of television, one of which it believes may clearly be liable, and the other clearly not."[71] Without an obvious analog in the statute to cable distribution, the Court was at sea and refused to extend the copyright owner's rights.

After cable systems developed into even more formidable competitors of broadcasters following the *Fortnightly* decision, a renewed challenge was brought by CBS.[72] Despite the intervening developments, which included program origination, sale of commercials, and interconnection between various cable systems, the Court remained steadfast in its refusal to extend the copyright regime to include rights over cable distribution.[73] In a direct refutation of an author-driven theory and an affirmation of its deference to Congress, the Court in *Teleprompter Corp. v. CBS,* again refused to extend the copyright owners' domain, saying that cable systems "do not interfere *in any traditional sense* with the copyright hold-

ISER, THE IMPLIED READER: PATTERNS OF COMMUNICATION IN PROSE FICTION FROM BUNYAN TO BECKETT (1974).

68 *Fortnightly*, 392 U.S. at 397.

69 *See id.* at 397-98.

70 *See id.* at 399.

71 *Id.* at 405 (Fortas, J., dissenting).

72 *See* Teleprompter Corp. v. Columbia Broad. Sys., 415 U.S. 394 (1974).

73 *See id.* at 405.

ers' means of extracting recompense for their creativity or labor."[74] The Court further rejected the authors' assignees' argument that cable distribution infringed the copyright because it harmed the author's market.[75] Copyright law in these cases was not driven by a desire to maximize or legitimate authorial power and control over creative works in the marketplace, but rather by the Court's conception of the rights provided by the Congress in the statute. As the Court had stated in *Fortnightly*, "[w]e take the Copyright Act of 1909 as we find it."[76]

Whereas the *Teleprompter* Court refused to acknowledge the effect on the author's market posed by cable distribution, the Court in *Sony Corp. v. Universal City Studios*, adopted market analysis in order to conclude that the author should not have rights over the new potentially infringing technology.[77] Once again, when faced with a new technology and an argument by authors that the technology would dilute the market in the author's works, the Court concluded that the statute did not permit the author to expand its power. In *Sony*, the Court addressed the question whether the manufacturer of video cassette recorders was contributorily liable for copies of television broadcasts made by individuals in their private homes. The Court began with the proposition that protection for copyright is "wholly statutory"[78] and that it must be "circumspect in construing the scope of rights created by a statute that never contemplated such a calculus of interests."[79] In short, the Court abrogated all responsibility for determining the *proper* reach of the author's power, and left that question to the Congress. In effect, the Court was declaring that federal copyright law was not based on a natural right theory.[80]

The Court focused upon the precise actions of the *user* to conclude that the author's market would not be harmed by such use. It could not be gainsaid that the individuals were literally copying in their entirety particular broadcasts, but literal copying was found to be legitimate in this particular context. First, the Court concluded that the copying at issue was done for the purpose of "time-shifting for private home use," that such time-shifting only minimally harmed the author's market, and that enjoining such use unnecessarily would "inhibit access to ideas."[81] Market analysis, therefore, was used as a means of explaining an interpretation of the copy-

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[74] *Id.* at 411 (emphasis added).
[75] *See id.* at 410.
[76] *Fortnightly*, 392 U.S. at 401-02.
[77] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).
[78] *Id.* at 431
[79] *Id.*
[80] The Court cited legislative history from the 1909 Copyright Act that declared that federal copyright law is "not based upon any natural right that the author has in his writings." *See id.* at 429 n.10.
[81] *Id.* at 448, 451.

right act that was quite narrow from the perspective of the copyright owners in that case. While market theory certainly was employed, it was not for the purpose of enlarging or securing the author's potential market, but rather for rejecting the author's claim to a new and undeveloped market. Second, the Court concluded that any infringement was mitigated by fair use, finding that the usual presumption that wholesale copying precludes fair use would not hold in this case involving private time-shifting.[82] The Court ended its opinion as it started, with great deference to Congress, saying that "it is not our job to apply laws that have not yet been written."[83]

Once again, though, the Court has not operated from an *anti*-author agenda in the new technology cases. My point here is only that the Court has not been driven by a pro-author agenda or an author-centered set of criteria. Where the Court has been able to identify a correlate in the copyright statute to which a new technology can be easily analogized, it has extended the interpretation of the copyright act to cover the new technology, therefore incidentally benefiting the author. For example, in *Kalem Co. v. Harper Bros.*,[84] the Court willingly extended copyright coverage to motion pictures. The Court reasoned that the right to dramatize, so familiar from plays and theater, was evidently as applicable to motion pictures as it was in those more familiar venues.[85] In like manner, the Court in *Buck v. Jewell-La Salle Realty Co.*,[86] held that broadcast of a radio station in a hotel lobby constituted public performance, reasoning that the broadcast via radio was little different from the public performance of musical works.[87]

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82 *See id.* at 449-50.

83 *Id.* at 456.

84 222 U.S. 55 (1911) (public exhibition of motion picture version of a copyrighted book constitutes an infringement of the exclusive right given to the author to dramatize his work).

85 *Id.* at 61.

86 *See* Buck v. Jewell-La Salle Realty Co., 283 U.S. 191 (1931).

87 *Id.* at 196. In *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975), the Court held that a radio broadcast in a restaurant was not a performance on the ground that (1) there would be no way to avoid infringement and liability since there is no way to anticipate all of the copyright owners with rights in the compositions to be broadcast and no way, therefore, to obtain licenses from all such owners prior to broadcast; and (2) that it would essentially authorize the sale of multiple licenses for what is essentially a single public rendition of a copyrighted work. *Id.* at 162-63.

C. *Copyright Law As the Engine of Society's Progress Rather Than as a Regime for Authors*

Beginning in 1891, the Court has built a copyright jurisprudence driven by the public interest in the promotion of the progress of science and the useful arts. In *Higgins v. Keuffel*,[88] the Court held that the Copyright Clause does not extend to Congress the power to protect labels that merely designate or describe the articles to which they are attached.[89] The protection of descriptive labels, according to the Court, did not promote the progress of science.[90] The Court reasoned that a work must make a certain contribution to be worthy of copyright protection: "[t]o be entitled to a copyright the article must have by itself some value as a composition, at least to the extent of serving some purpose other than as a mere advertisement or designation of the subject to which it is attached."[91] Thus, if it did not have independent value, the work could not be copyrighted. In the process of its reasoning, the Court did not consider the interest of the author of the labels, but rather only the public interest in promoting knowledge.

Twelve years later, in *Bleistein v. Donaldson Lithographing Co.*,[92] the Court held that copyright law encompassed circus advertisements. In the case, the alleged infringer argued that chromolithographs were not pictorial illustrations and therefore not protected under copyright law.[93] In passing, the Court declared that the author owned the right in his intellectual product,[94] but did not explain its holding as an author's right. Rather, the Court based its holding on the broader perspective dictated by the Clause, stating that courts should not render judgment on artistic quality, because courts could get such decisions wrong and therefore might deprive the public of valuable works. "It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of the pictorial illustrations outside of the narrowest and most obvious limits."[95] *Mass* production was not a reason to preclude protection; rather, it was evidence that many might benefit from the expression. In other words, the very fact of widespread public receipt furthered the public's interest and therefore served the ultimate goal of copyright law. The *Bleistein* Court thereby encouraged the development of a marketplace of a wide variety of expression that would appeal to a broad band of audiences

88 140 U.S. 428 (1891).
89 *See id.* at 431.
90 *See id.*
91 *Id.*
92 188 U.S. 239 (1903).
93 *Id.* at 251.
94 *See id.* at 250.
95 *Id.* at 251.

and eschewed the notion that an elite class ought to identify what is valuable in the marketplace. On the Court's reading, authors were not to be set on a pedestal above others in the society and were not identifiable solely by reference to fine art. Rather, the authors of low-brow works were as worthy of copyright protection as the authors of high-brow works. The decision embodied an egalitarianism that defied moral rights regimes, like the French copyright system, that elevate authors and artists above others. In fact, it plainly rejected the romanticism of the artist some have identified in United States copyright law, but which has never been a staple of the Supreme Court's copyright jurisprudence.[96]

As the Court worked its way through the cases, it did not operate from an author-centric vision by any means. Rather, its focus was on drawing the line between works that contribute to the public purposes of the Clause and works that are less valuable. This is a distinctly product-centered jurisprudence.

In these cases, the Court chose the role of boundary guardian, drawing the line between unprotectable descriptive labels and protectable circus posters. While the two had the goal of advertising in common, it was not hard to defend the fact that there is a qualitative distinction between the two, with circus posters being closer to the fine art that all would agree merits protection.

IV. THE EMERGING CONSTITUTIONAL DOCTRINE

There is amazingly little in the Supreme Court's cases touching upon constitutional issues. There are only twelve cases that embrace constitutional issues and a paucity of discussion in the vast majority of them. They fall into three categories: (1) interpretation of the Copyright Clause; (2) preemption; and (3) miscellaneous. Five cases significantly rely upon the Copyright Clause as part of their reasoning.[97] While the interpretation of

[96] *See* MARTHA WOODMANSEE, THE AUTHOR, ART, AND THE MARKET: REREADING THE HISTORY OF AESTHETICS (1994); James Boyle, *A Theory of Law and Information: Copyright, Spleens, Blackmail, and Insider Trading*, 80 CAL L. REV. 1413 (1992); Peter Jaszi, *Toward a Theory of Copyright: The Metamorphoses of "Authorship"*, 1991 DUKE L.J. 455.

[97] *See* Feist Publications v. Rural Telephone Serv. Co., 499 U.S. 340, 346 (1991) (holding that originality is a constitutional requirement of copyrightability); Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 249 (1903) (holding that circus posters are not excluded from the useful arts which Congress is empowered by the Constitution to promote); Higgins v. Keuffel, 140 U.S. 428, 430 (1891)(holding that the Copyright Clause does not encompass labels which merely designate or describe the articles to which they are attached, since such labels have no connection to the progress of science or the useful arts); Burrow-Giles v. Sarony, 111 U.S. 53, 58 (1884)(holding that the Copyright Clause is broad enough to encompass an act authorizing

the Clause becomes more nuanced by 1991 in *Feist*, very little space is devoted to the topic between 1834 and 1991.

Four cases involve the Supremacy Clause and preemption of state law issues.[98] Finally, there are three cases, each of which touches upon a particular constitutional topic, separation of powers,[99] freedom of speech,[100] and the right to a jury trial.[101]

A. The Supreme Court's Interpretation of the Copyright Clause

In the Court's first copyright case, *Wheaton v. Peters*, the Court referenced the Copyright Clause to declare that federal copyright law is solely statutory law.[102] The Court might have used this first opportunity to interpret the copyright act to elaborate on the meaning of the Copyright Clause.[103] The Court did no such thing, however, spending only a paragraph on the topic, which was sufficient space to quote it, note that it appears in Congress's enumerated powers, and to say that Congress passed the copyright act pursuant to this power.[104] This truncated approach is typical.

It would be fifty years before the Court elaborated on the Copyright Clause. In *Burrow-Giles*, the Court faced a question regarding the interpretation of the Copyright Clause that was "not free from difficulty."[105] The author-photographer charged that the defendant had violated his copyright in a photograph of Oscar Wilde to which the defendant responded that copyright in photographs was beyond the power of Congress

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copyright in photographs, in so far as they are representative of original intellectual conceptions of the author); Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 660 (1834) (holding that the Copyright Clause does not sanction an existing right, but creates a new one).

98 *See* Capital Cities Cable v. Crisp, 467 U.S. 691, 698-99 (1984) (holding that state requirement of blocking alcohol commercials in out-of-state signals retransmitted by cable operators is pre-empted by federal law); Goldstein v. California, 412 U.S. 546, 551 (1973) (holding that the States did not relinquish to Congress all of their powers to regulate copyright); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 231 (1964) (holding that states cannot prohibit the copying of uncopyrighted and unpatented work through unfair competition laws); Watson v. Buck, 313 U.S. 337, 404 (1941) (holding that a state statute regulating combinations in restraint of trade not preempted by the copyright act).

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

100 *See* Harper & Row Publishers v. Nation Enters., 471 U.S. 539, 556-57 (1985).

101 *See* Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340, 346-47 (1998).

102 *See supra* notes 28-30 and accompanying text.

103 U.S. CONST., art. I, §8, cl. 8.

104 *See* 33 U.S. at 660.

105 Burrow-Giles v. Sarony, 111 U.S. 53, 56 (1884).

granted by the Copyright Clause.[106] The parties disputed the meaning of the Clause. The photographer suggested that the Clause ought to be interpreted according to its purpose to further the progress of science and the useful arts. In response, the defendant argued for a plain-meaning and narrow interpretation of the Clause, saying that the Clause covered authors and writings, not photographers or photographs.[107] The Court found little difficulty in rejecting the latter, plain-meaning interpretation proposed by the defendants, and employed familiar constitutional interpretive tools to reach its conclusion that photography fit within the Copyright Clause.[108] First, the Court stated that the first copyright act, which protected not only books but also maps and charts was enacted immediately following passage of the Constitution and was enacted by some who were Framers. Their contemporaneous understanding that copyright extended beyond a narrow class of writings was accorded "very great weight" by the Court.[109]

Second, the Court employed the now-familiar tack of refusing to invalidate federal legislation on constitutional grounds where the legislation had been in place for many years.[110] Where the copyright act had been upheld for a century, the Court was loathe to find that it was suddenly unconstitutional.

Third, the Court looked to the plain meaning of the Clause and interpreted the word "writings" to mean "literary productions" including "all forms of writing, printing, engravings, etchings."[111] The Court reasoned that even though it did Photography, which did not exist at the time of the framing, fell entirely within the parameters identified by the Framers.[112] The Court concluded thus that "there is no doubt" that photographs were covered by the Copyright Clause.[113]

The Court's conclusion that photographs *could* be covered by the Copyright Clause, however, did not end the Court's inquiry into the Clause, since some photographs — those that are the result of "merely mechanical" replication of reality — might not be protected.[114] The

106 *See id.* at 53-55.

107 *See id.*

108 *See id.* at 57-58

109 *See id.* at 57.

110 *See id. Cf.* Walz v. Tax Comm'n of New York, 397 U.S. 664, 678 (1970) (citing Jackman v. Rosenbaum Co., 260 U.S. 22 (1922) (Holmes, J.): "If a thing has been practised for two hundred years by a common consent, it will need a strong case for the Fourteenth Amendment to affect it.").

111 Burrow-Giles v. Sarony, 111 U.S. 53, 58 (1884).

112 *See id.*

113 *See id.*

114 *See id.* at 59 (declining to decide whether the "ordinary production of a photograph" should be accorded "no protection").

copyrightability of photographs, therefore, was to turn on the question whether the photographs were "representatives of original intellectual conceptions of the author."[115] Thus, the Clause permitted protection only for those works that are original.

Seven years later, in 1891, the Court addressed a very similar argument based on the Copyright Clause, in which the defendant argued that the Clause did not authorize an extension of copyright to mere labels.[116] Once again, this was a plain-meaning argument. And once again, the Court rejected a categorical reading of the Clause's language. This time, the Court emphasized that works are protected according to the "purpose" of the Clause to protect those works that are the "result of intellectual labor" that furthers the progress of knowledge.[117] A label, such as "black grapes," did not further progress and therefore Congress was not authorized to enact such legislation pursuant to its power under the Copyright Clause.[118]

In *Bleistein*, which is a case that would permit an almost limitless expansion of copyright from high-brow to low-brow works,[119] the Court employed the Copyright Clause to approve such an expansion. The Court gave no quarter to the defendant's argument that the phrase "useful arts" in the Copyright Clause modified "progress" in such a way as to preclude Congress from protecting paintings or engravings through copyright law.[120] Rather, the Court flatly stated that "[t]he Constitution does not limit the useful to that which satisfies bodily needs," cited to *Burrow-Giles*, and held that circus posters easily fell within the Clause's parameters. [121]

The Court in *Goldstein v. California* analyzed the plain meaning of the Clause in order to reach its holding on preemption.[122] According to the Court, the language of the Clause did not grant Congress sole power over copyright and did not preclude state copyright law.[123] In this preemption case, the Court isolated one of the purposes of the Clause as "facilitat[ing] the granting of rights national in scope."[124] The Court thus charted a middle ground between state and federal power over copyright issues.

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115 *Id.* at 58.
116 *See* Higgins v. Keuffel, 140 U.S. 428, 430 (1891).
117 *Id.* at 431.
118 *See id.*
119 For a satirical treatment of *Bleistein's* expansion of the copyright marketplace, *see* Marci A. Hamilton, *Farewell Madison Avenue*, 16 CONST. COMM. 529 (1999).
120 *See* Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 249 (1929).
121 *Id.* at 249.
122 423 U.S. 546 (1973).
123 *See id.* at 553.
124 *Id.* at 555.

The meatiest discussion of the Copyright Clause, indeed the only lengthy discussion of it, does not appear until 1991, which is 147 years following *Wheaton v. Peters*. To date, it remains the only focused and thoughtful discussion. In *Feist*, the Court struck down an attempt to expand copyright protection to data by interpreting both the copyright act and the Copyright Clause.[125] The Court reached the constitutional issue even though the case could have been decided solely on statutory grounds. Despite the paucity of discussion in the Court's preceding cases regarding the Copyright Clause, the Court declared with confidence that "[o]riginality," a term that does not appear in the Clause itself, "is a constitutional requirement."[126] The Court's certainty was derived from two cases, *Burrow-Giles*, in which the Court interpreted "writings" to include original works and to exclude works that were mere replications of reality,[127] and a case that did not involve copyright but rather addressed the Copyright Clause and in particular the originality requirement, in the context of examining trademark law, *The Trade-Mark Cases*.[128] The *Feist* Court employed the rather fleeting references to "originality" in *Burrow-Giles* and *The Trade-Mark Cases* to conclude that originality is the "touchstone of copyright protection."[129] The Court's sustained discussion of the originality requirement as a constitutional requirement was a dramatic change in the Court's posture regarding copyright law. If the case was a harbinger of things to come, the Court in *Feist* instituted a new relationship with Congress vis-a-vis copyright law, one in which it was no longer inclined to be deferential to the point of servility. The opinion rang of the presuppositions undergirding the Court's emerging jurisprudence of limitations on Congress in other arenas, *e.g.*, the Commerce Clause and the Eleventh Amendment.[130]

The Court's *Feist* opinion also was remarkable for its continued devotion to a copyright jurisprudence that is not tethered to a natural law approach to copyright law. By rejecting mere labor or the sweat of the brow,

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125 *See* Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 362-64 (1991).

126 *Id.* at 346.

127 *See supra* note 109 and accompanying text.

128 *See* 499 U.S. at 346 (citing to Burrow-Giles v. Sarony, 111 U.S. 53 (1884) and *Trade-Mark Cases*, 100 U.S. 82 (1879)).

129 499 U.S. at 346.

130 Marci A. Hamilton, *Historical and Philosophical Underpinnings*, *supra* note 6; Alden v. Maine, 119 S.Ct. 2240 (1999); College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 119 S.Ct. 2219 (1999); Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 119 S.Ct. 2199 (1999); Clinton v. City of New York, 524 U.S. 417 (1998); City of Boerne v. Flores, 521 U.S. 507 (1997); Printz v. United States, 521 U.S. 898 (1997); Seminole Tribe of Florida v. Florida, 517 U.S. 44 (1996); United States v. Lopez, 514 U.S. 549 (1995).

and embracing the originality requirement, the Court moved its copyright jurisprudence toward a product-centered approach.

The Court's reasoning in *Feist* also evidenced a Court that is quietly tying copyright principles to constitutional principles, in this case, First Amendment principles. The Court's proposition that facts must be free was a corollary to the First Amendment doctrine that fosters a free marketplace of ideas.[131] Were individuals and corporations capable of owning facts or information otherwise available, it is a short logical step to conclude that the "uninhibited, robust, and wide-open" marketplace of expression touted in the First Amendment cases could be harmed.[132]

The strong affinity between *Feist* and the Court's First Amendment or its emerging structural jurisprudence, however, was not a point to which the Court drew the reader's attention. Indeed, despite the clear reverberations between *Feist* and various constitutional doctrines, the Court was quite modest in its foray from its usual copyright jurisprudence into a new jurisprudence that implicates constitutional principles. While the *Feist* opinion may strike one as dramatic against the backdrop of the Court's preceding copyright opinions in which deference to Congress was the rule, *Feist* did retain some of the diffidence and modesty characteristic of earlier copyright opinions.

B. The Supremacy Clause and Preemption

Taken together, the preemption cases take a middle ground between expansive federal power under the Copyright Clause and the power of states to enact copyright legislation. Thus, federal copyright law may but does not necessarily preempt all state legislation. The preemption cases are remarkable for the fact that the Court gives no special consideration to copyright law in the cases but rather straightforwardly applies its existing preemption doctrine.

In *Watson v. Buck*, the Court addressed the question whether the lower court erred when it invalidated the entirety of a Florida anti-trust

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[131] Feist Publications v. Rural Tel. Serv. Co., 499 U.S. 340, 349 (1991) ("copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work") (citing Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 556-57 (1985)).

[132] New York Times Co. v. Sullivan, 376 U.S. 254, 270 (1964); *cf.* Texas v. Johnson, 491 U.S. 397 (1989) ("A principal function of free speech under our system of government is to invite dispute. It may indeed best serve its high purpose when it induces a condition of unrest, creates dissatisfaction with conditions as they are, or even stirs people to anger."). *See also* Marci A. Hamilton, *Database Protection and the Circuitous Route Around the United States Constitution, in* INTELLECTUAL PROPERTY LAW AND THE COMMON LAW WORLD (Charles Rickett, ed.) (2000).

statute on the ground that some provisions violated the Supremacy Clause by impinging on federal copyright law.[133] The Court treated this copyright case no differently than it would any other preemption case, and offered no special criteria to consider in the event of preemption cases that implicate copyright issues, reasoning that state antitrust laws may be applied to entities without conflicting with federal copyright statutes.[134] Rather, the opinion deferred to the states, holding that the particular provisions complained of did not violate the Supremacy Clause by conflicting with the federal copyright law and stated that federal courts should not invalidate any statute, including an anti-trust statute potentially affecting federal copyright law, in its entirety when only a portion may violate the Supremacy Clause.[135]

In *Sears, Roebuck & Co. v. Stiffel Co.*, the Court once again faced a challenge to a state law on preemption grounds, but this time rendered a judgment cementing Congress's power to determine what types of works may be copied and what types may not.[136] The question was whether the federal patent or copyright laws preempted state unfair competition laws. The Court held for the copier in the case, stating that state unfair competition laws that preclude copying of an article that is "unpatented and uncopyrighted" conflict with the federal policies of making available to "the public something which federal law has said belongs to the public."[137] Once again, the opinion was brief and it evidenced no special criteria to be applied in copyright (or patent) cases when the courts face a preemption issue. Nor did the opinion evidence any special solicitude for the products protected by such federal laws. Nonetheless, through the rather straightforward operation of preemption doctrine, the opinion incidentally handed significant power to the Congress in the area of intellectual property protection.

Were one tempted to conclude that *Sears* was a clarion call to expand federal power over the arena of intellectual property, *Goldstein v. California* counseled against such a broad interpretation.[138] In that case, a California anti-piracy law for phonorecordings was upheld against a preemption attack with the Court reasoning that the states had not divested all power to the federal government over the writings covered by

133 *See* 313 U.S. 387 (1941).
134 *See id.* at 404.
135 *See id.* at 405.
136 *See* 376 U.S. 225 (1964).
137 *Id.* at 232.
138 412 U.S. 546 (1973).

the Copyright Clause.[139] To the contrary, the Court stated that until Congress had spoken, the states retained broad latitude.[140]

The *Goldstein* Court engaged in plain-meaning analysis to determine that the Copyright Clause did not preempt the California law. The Court employed this analysis on two fronts. First, it said that the Copyright Clause did not "provide that such power shall vest exclusively in the Federal Government."[141] Second, the Court read the language referring to "limited Times" in the Clause as a limitation on Congress and not the states.[142]

Constitutional history is exceedingly rare in copyright cases.[143] In *Goldstein*, such history was employed as a means of explaining preemption doctrine in general.[144] Second, it was used to underscore the notion that the Clause is evidence of an intent to "facilitate" a national system of copyright protection (which therefore should preempt conflicting state laws).[145] In one additional preemption case, *Capital Cities Cable, Inc. v. Crisp*, the Court determined that state law affecting cable regulation was preempted by federal communications and copyright law.[146]

The preemption cases show the Court being driven, not by the demands of a singular, coherent interpretation of the Copyright Clause or any theory of copyright law, but rather by the Court's contemporary approach to the balance of federal-state power under the Supremacy Clause. Preemption doctrine determined the results, not natural law, author's interests, or any other theory of copyright protection.

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139 *See id.* at 546.

140 *See id.* at 570.

141 *Id.* at 553; *see also id.* at 560 (stating that the language of the "Constitution neither explicitly precludes the States from granting copyrights nor grants such authority exclusively to the Federal Government").

142 *See* 412 U.S. at 560.

143 *See* Bonito Boats, Inc. v. Thundercraft Boats, Inc., 489 U.S. 141, 162 (1989) (discussing the purpose of the Patent and Copyright Clause with reference to THE FEDERALIST NO. 43); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 228 (1964) (citing Madison's THE FEDERALIST NO. 43 that "the States 'cannot separately make effectual provision' for either patents or copyrights"); Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 675 (1834) (discussing the nature of the power granted by the Copyright Clause within the context of powers described in THE FEDERALIST NO. 34); *Id.* at 681-82, 685 (discussing Madison's positions as expressed in congressional report on the topic and in THE FEDERALIST NO. 43).

144 *See* Goldstein v. California, 412 U.S. 546, 552-53 (1973).

145 *See id.* at 555.

146 *See* 467 U.S. 691 (1984). *Florida Prepaid*, though a patent case, reinforces the Court's refusal to give the Congress carte blanche under preemption analysis, even though the topic is intellectual property.

C. *Miscellaneous Constitutional Issues*

The Court's discussions regarding the separation of powers, the First Amendment, and the Seventh Amendment are but small additions to the various constitutional doctrines. While none of these cases represents a significant development in the particular constitutional arena, each adds some gloss to the copyright jurisprudence that complicates the jurisprudence for future cases.

1. *The Separation of Powers*

The Court's decision in *Sony Corp. of Am. v. Universal City Studios, Inc.* rejected contributory infringement claims against the manufacturer of video cassette recorders and initially turned on a discussion of the role of Congress in the constitutional scheme. As a matter of plain language, the Court stated that Congress holds sole responsibility for making copyright law in the federal regime.[147] The unstated, but clear, presumption underlying the Court's discussion of Congress's role vis-a-vis copyright law was that Congress is limited in the exercise of its power to the enumerated powers of the Constitution. Congress thus did not have plenary power over copyright law but rather only the powers assigned to it. Thus, Congress's power over copyright law was not "unlimited" but rather tethered to the public purposes the Clause identifies.[148] As a constitutional matter, this was an interesting discussion. On the one hand, it crystallized in constitutional terms the Court's tradition of deferring to Congress in copyright matters: the Constitution assigns *Congress* responsibility to make copyright law. On the other hand, having translated the principle of deference into *constitutional* precepts, the Court opened the door that would eventually lead to its decision in *Feist* in which the Clause was employed to limit congressional action.

2. *The First Amendment*

One of the most, if not the most, remarkable aspects of the Court's copyright jurisprudence is that it has had so little to say regarding the interplay between copyright law and the First Amendment. Both doctrines focus upon expression, but the Court has kept the two regimes at a distance. While the Copyright Clause authorizes Congress to create a private right of action for individuals to bring copyright suits to suppress speech that copies the author's, *i.e.*, redundant speech, the First Amendment prohibits the government from suppressing speech. On their face, the two constructs would seem to invite dispute.

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147 *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984).

148 *See id.*

In only one case, however, has the Court explicitly embraced First Amendment principles to decide a copyright case.[149] That case is *Harper & Row, Publishers, Inc. v. Nation Enterprises*, which involved a dispute over first publication of President Gerald Ford's memoirs.[150] On reflection, it should not be surprising that speech of the highest value under the First Amendment — political speech — finally drew the Court into the First Amendment arena in a copyright case. If there is any speech that might defy copyright law's suppressive regime, it would be political speech. *The Nation* argued that the First Amendment requires a separate rule in the copyright arena for expression that addresses issues of public concern. Fair use, on its reasoning, ought to be sufficiently broad to make "matters of public concern" fair game for publication even if the expression would have been otherwise protected by copyright.[151] Harper & Row asked for a reading of the copyright law that would not permit such an exception. Thus, the Court was squarely faced by a battle over First Amendment issues in a copyright case. The Court sidestepped the potential for a wide-ranging discussion of free speech doctrine, however, by accepting the lower court's assertion that the idea/expression dichotomy mediated and accommodated First Amendment and copyright values.[152] With little elaboration, the Court implied that facts are the domain of the First Amendment while expression belongs to the Copyright Clause.[153] This is a rough and ready distinction that became dispositive in the *Feist* case, and which rested implicitly on First Amendment principles, but which gave the lower courts precious little guidance.[154]

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149 The Court employed some familiar precepts from First Amendment jurisprudence in *Feist*, but did not embark upon an explicit or conscious discussion of the First Amendment. The Court also avoided a First Amendment question when it reached the preemption issue posed by *Capital Cities Cable, Inc. v. Crisp*, 467 U.S. 691 (1984).

150 *See* 471 U.S. 539 (1985).

151 *See id.* at 555-56.

152 *See id.* at 556.

153 *See id.* at 557-58

154 Cases involving a conflict between copyright and First Amendment values have not yet reached the Court, but certainly will given the number of cases in the lower courts involving political or religious speech and copyright law. *See* Religious Tech. Ctr. v. Wollersheim, 971 F.2d 364 (9th Cir. 1992); New Era Publications Int'l v. Carol Publ'g Group, 904 F.2d 152 (2d Cir. 1990); Religious Tech. Ctr. v. Scott, 869 F.2d 1306 (9th Cir. 1989); New Era Publications Int'l. v. Henry Holt and Co., 873 F.2d 576 (2d Cir. 1989); Religious Tech. Ctr. v. Wollersheim, 796 F.2d 1076 (9th Cir. 1986); Bridge Publications, Inc. v. F.A.C.T. Net, Inc., 183 F.R.D. 254 (D. Colo. 1998); Religious Tech. Ctr. v. F.A.C.T. Net, Inc., 945 F.Supp. 1470 (D. Colo. 1996); Religious Tech. Ctr. v. Netcom On-Line Serv., Inc., 923 F.Supp. 1231 (N.D.Cal. 1995); Religious Tech. Ctr. v. Netcom On-Line Communication Serv., 907 F.Supp. 1361 (N.D. Cal. 1995); Religious Tech. Ctr. v. Lerma, 908 F.Supp. 1362

Having rejected the First Amendment defense to copying, the Court turned to statutory analysis under the copyright act's fair use provisions and concluded that the taking of the "heart" of the materials was not fair use.[155]

Thus, faced with a circumstance implicating speech of the highest constitutional order, the Court did not elaborate on the juncture between the First Amendment and copyright law. The First Amendment argument was swept aside rather hurriedly as the Court moved with more surefootedness into the much more familiar task of interpreting the copyright statute. As a result, much is left to be said by the Court about the relationship between copyright and the First Amendment. Indeed, the Court has a virtual tabula rasa on First Amendment issues even after *Harper & Row* and *Feist*.

3. The Seventh Amendment

The Court's only copyright case to implicate the Seventh Amendment, *Feltner v. Columbia Pictures Television, Inc.*, was both typical and atypical of the Court's usual copyright case.[156] The first half of the decision was typical, plain meaning reading of the copyright act.[157] The conclusion of its plain meaning analysis, though, led the Court down previously uncharted paths into Seventh Amendment jurisprudence and copyright history.

The question addressed in the case was whether trial by jury in statutory damages cases was required by the Seventh Amendment. The Court concluded that the text of the copyright act did not mandate trial by jury in

(E.D. Va. 1995); Religious Tech. Ctr. v. Lerma, 908 F.Supp. 1353 (E.D. Va. 1995); Religious Tech. Ctr. v. Lerma, 897 F.Supp. 260 (E.D. Va. 1995); Religious Tech. Ctr. v. F.A.C.T. Net, Inc., 907 F.Supp. 1468 (D. Colo. 1995); Religious Tech. Ctr. v. F.A.C.T. Net, Inc., 901 F.Supp. 1528 (D.Colo. 1995); Religious Tech. Ctr. v. F.A.C.T. Net, Inc., 901 F.Supp. 1519 (D. Colo. 1995); Bridge Publications, Inc. v. Vien, 827 F.Supp. 629 (S.D. Cal. 1993); New Era Publications v. Carol Publ'g Group, 729 F.Supp. 992 (S.D.N.Y. 1990); New Era Publications v. Holt, 695 F.Supp. 1493 (S.D.N.Y. 1988); New Era Publications v. Holt, 684 F.Supp. 808 (S.D.N.Y. 1988); Religious Tech. Ctr. v. Scott, 660 F.Supp. 515 (C.D. Cal. 1987). *See also* Shelia McCann, *Web Site Prompts Mormon Church to Sue Critics*, SALT LAKE TRIB., OCT. 15, 1999, at A1 (reporting that Mormon Church sued critics for copyright infringement because they had posted information from an internal church handbook on the Internet).

155 *See* Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 568 (1985).

156 *See* 523 U.S. 340 (1998).

157 *See id.* at 342-46.

such cases.[158] Therefore, the Court was required to address whether the Seventh Amendment would require jury trial. Here, copyright jurisprudence became wrapped inseparably with a slender thread of copyright law history. The Court reasoned that the Seventh Amendment's right to jury trial should be interpreted in light of whether a jury trial would have been required in an analogous action in the eighteenth century.[159] History revealed that statutory damage-like cases were tried in courts at law, rather than equity, and therefore before juries.[160] Hence, the Seventh Amendment required trial by jury in statutory damage cases. As is typical of the Court's copyright jurisprudence, the *Feltner* decision was brief and to the point.

D. Summary of Constitutional Issues in Copyright Cases

The Supreme Court's constitutional cases do little to undermine the appearance created by the statutory interpretation cases that the Court has intended to play a less than active role in this arena. The conviction that the Copyright Clause does not provide a natural right but rather only a positive right is never far from any of the Court's decisions, even when constitutional issues are at stake. Even in the constitutional arena, where the Court's word is paramount,[161] and therefore it might be more likely to claim its own domain or to elaborate, opinions are relatively short and the Court rarely fractures the way it often does in First Amendment or cases involving the structure of the Constitution.[162]

Yet the Court's cases since the mid-twentieth century reveal the fact that the Court will not be able to avoid constitutional analysis in copyright cases and likely will have to enlarge upon its brief assertions regarding the interface between copyright law and the First Amendment and further explain its interpretation of the Copyright Clause.

V. CONCLUSION

As we stand on the precipice of the twentieth century and the millennium and survey the Supreme Court's existing copyright jurisprudence, it

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158 *See id.* at 346; Justice Scalia concurs in the judgment, because he reads the plain language of the copyright act to permit jury trials in statutory damage cases. *Id.* at 356 (Scalia, J., concurring in the judgment).

159 *See id.* at 348.

160 *See id.* at 350.

161 *See* Boerne v. Flores, 521 U.S. 507, 516 (citing Marbury v. Madison, 5 U.S. (1 Cranch) 137 (1803)) ("The judicial authority to determine the constitutionality of laws, in cases and controversies, is based on the premise that the 'powers of the legislature are defined and limited; and that those limits may not be mistaken, or forgotten, the constitution is written.'").

162 *See generally* Appendix A.

appears remarkably modest. It is a jurisprudence of deference to Congress. Only in the last several decades has the Court hinted that there might be more to this copyright puzzle than deference to Congress. Although it has done little more than hint about the possibilities, the hints are captivating.

New challenges to copyright likely will force the Court to find some stable guidepost by which to judge copyright cases. A challenge to duration extension is already in the works.[163] If database legislation passes, there will be challenges to it, which will inevitably draw upon the seeds of First Amendment principles planted in *Harper & Row* and *Feist* and upon the Court's continuing move to limit Congress's power.[164] Inevitably, the Court also will have to address the emerging use of copyright law as a weapon of censorship by religious and other entities against former members.[165]

The Court should not be tarred with a negative judgment regarding the modesty of its copyright jurisprudence. The Court is not the only body to treat copyright law as a species not of constitutional but rather more mundane business law. The Congress regularly has approached copyright legislation as a species of trade law. As Professor Jessica Litman has so persuasively argued, copyright legislation is more often than not the product of lobbying by the "copyright industries"[166] and not legislative deliberation over the public good or constitutional values. Thus, until recently, the Court has issued the vast majority of its copyright decisions in the context of a cultural attitude toward copyright that backgrounds constitutional and philosophical values while it foregrounds industry needs. This is certainly true in the current debate over database legislation, where the voices of the media industries, the computer software industries, and the stock-price reporting industries have all but drowned out the constitutional and policy perils.[167] Indeed, one can only hope that the Court, as it

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163 *See* Eldred v. Reno, 74 F.Supp.2d 1 (D.D.C. 1999). The complaint and brief can be found at <http://cyber.law.harvard.edu/eldredvreno/complaintamd2.html>.

164 *See generally* Marci A. Hamilton, *Database Protection and the Circuitous Route Around the United States Constitution, in* INTELLECTUAL PROPERTY LAW AND THE COMMON LAW WORLD (Charles Rickett ed., 2000).

165 *See supra* note 154.

166 Jessica Litman, *Revising Copyright Law for the Information Age*, 75 OR. L. REV. 19 (1996); Jessica Litman, *The Exclusive Right to Read*, 13 CARDOZO ARTS & ENT. L. J. 29 (1994).

167 *See* Hamilton, *supra* note 164; Letter from Marci A. Hamilton, Professor of Law and Director, Intellectual Property Law Program, Benjamin N. Cardozo School of Law, to Sen. Orrin G. Hatch, Chairman, Committee on the Judiciary, United States Senate (Sept. 4, 1998) (last visited Oct. 26, 1999) <http://www.marcihamilton.com/ip/hatchdatabase.html>.

enters this new era of more intensely interesting copyright issues, will proceed with the care and at least some of the modesty characteristic of its earlier opinions.

APPENDIX A

Cases Implicating Copyright Law at the Supreme Court 1834-1998
(arranged chronologically)

CASE	CITATION	VOTE
1. Wheaton v. Peters	33 U.S. (8 Pet.) 591 (1834)	(Thompson, J., dissenting)
2. Backus v. Gould	48 U.S. (7 How.) 798 (1849)	Unanimous
3. Stephens v. Cady	55 U.S. (14 How.) 528 (1852)	Unanimous
4. Stevens v. Gladding	58 U.S. (17 How.) 447 (1854)	Unanimous
5. Little v. Hall	59 U.S. (18 How.) 165 (1855)	Unanimous
6. Paige v. Banks	80 U.S. (13 Wall.) 608 (1871)	Unanimous
7. Perris v. Hexamer	99 U.S. 674 (1878)	Unanimous
8. Baker v. Selden	101 U.S. 99 (1879)	Unanimous
9. Merrell v. Tice	104 U.S. 557 (1881)	Unanimous
10. Burrow-Giles Lithographic Co. v. Sarony	111 U.S. 53 (1884)	Unanimous
11. Thornton v. Schreiber	124 U.S. 612 (1888)	Unanimous
12. Callaghan v. Myers	128 U.S. 617 (1888)	Unanimous
13. Banks v. Manchester	128 U.S. 244 (1888)	Unanimous
14. Thompson v. Hubbard	131 U.S. 123 (1889)	Unanimous
15. Higgins v. Keuffel	140 U.S. 428 (1891)	Unanimous
16. Belford, Clarke & Co. v. Scribner	144 U.S. 488 (1892)	Unanimous
17. Holmes v. Hurst	174 U.S. 82 (1899)	Unanimous
18. Brady v. Daly	175 U.S. 148 (1899)	Unanimous
19. Bolles v. Outing Co.	175 U.S. 262 (1899)	(White, J., concurring)
20. Bleistein v. Donaldson Lithographing Co.	188 U.S. 239 (1903)	(Harlan, J., dissenting) (McKenna, J., dissenting)
21. Mifflin v. R.H. White Co.	190 U.S. 260 (1903)	Unanimous
22. Mifflin v. Dutton	190 U.S. 265 (1903)	Unanimous

CASE	CITATION	VOTE
23. McLoughlin v. Raphael Tuck & Sons Co.	191 U.S. 267 (1903)	Unanimous (Holmes, J. did not take part)
24. American Tobacco Co. v. Werckmeister	207 U.S. 284 (1907)	Unanimous
25. Werckmeister v. American Tobacco Co.	207 U.S. 375 (1907)	Unanimous
26. United Dictionary Co. v. G & C Merriam Co.	208 U.S. 260 (1908)	Unanimous
27. White-Smith Music Publ'g Co. v. Apollo Co.	209 U.S. 1 (1908)	(Holmes, J., concurring)
28. Dun v. Lumbermen's Credit Assoc.	209 U.S. 20 (1908)	Unanimous
29. Bobbs-Merrill Co. v. Straus	210 U.S. 339 (1908)	Unanimous
30. Globe Newspaper Co. v. Walker	210 U.S. 356 (1908)	Unanimous
31. Bong v. Alfred S. Campbell Art Co.	214 U.S. 236 (1909)	Unanimous
32. Caliga v. Inter Ocean Newspaper Co.	215 U.S. 182 (1909)	Unanimous
33. Hills & Co. v. Hoover	220 U.S. 329 (1911)	Unanimous
34. American Lithographic Co. v. Werckmeister	221 U.S. 603 (1911)	Unanimous
35. Kalem Co. v. Harper Bros.	222 U.S. 55 (1911)	Unanimous
36. Ferris v. Frohman	223 U.S. 424 (1912)	Unanimous
37. Straus v. Am. Publishers' Assoc.	231 U.S. 222 (1913)	Unanimous
38. Louis Dejonge & Co. v. Breuker & Kessler Co.	235 U.S. 33 (1914)	Unanimous
39. Herbert v. Shanley Co.	242 U.S. 591 (1917)	Unanimous
40. L.A. Westermann Co. v. Dispatch Printing Co.	249 U.S. 100 (1919)	Unanimous (Day, J. did not take part)
41. Manners v. Morosco	252 U.S. 317 (1920)	(Clarke, J., dissenting); (Pitney, J., concurring)

CASE	CITATION	VOTE
42. Lumiere v. Mae Edna Wilder, Inc.	261 U.S. 174 (1923)	Unanimous
43. Fox Film Corp. v. Knowles	261 U.S. 326 (1923)	Unanimous
44. Buck v. Jewell-La Salle Realty Co.	283 U.S. 191 (1931)	Unanimous
45. Jewell-La Salle Realty Co. v. Buck	283 U.S. 202 (1931)	Unanimous
46. Fox Film Corp. v. Doyal	286 U.S. 123 (1932)	Unanimous
47. Douglas v. Cunningham	294 U.S. 207 (1935)	Unanimous
48. Washingtonian Publ'g. Co. v. Pearson	306 U.S. 30 (1939)	(Black, J., dissenting); (Roberts, J. and Reed, J., concurring in the dissent)
49. Sheldon v. Metro-Goldwyn Pictures Corp.	309 U.S. 390 (1940)	Unanimous (McReynolds, J. did not take part)
50. Watson v. Buck	313 U.S. 387 (1941)	Unanimous (Murphy, J. did not take part)
51. Fred Fisher Music Co. v. M. Witmark & Sons	318 U.S. 643 (1943)	(Rutledge, J. did not take part); (Black, J., Douglas, J., and Murphy, J., dissenting)
52. F.W. Woolworth Co. v. Contemporary Arts, Inc.	344 U.S. 228 (1952)	(Black, J., and Frankfurter, J., dissenting)
53. Mazer v. Stein	347 U.S. 201 (1954)	Unanimous
54. De Sylva v. Ballentine	351 U.S. 570 (1956)	(Douglas, J., and Black, J., concurring)
55. Columbia Broad. Sys., Inc. v. Loew's, Inc.	356 U.S. 43 (1958)	Affirmed by equally divided court (Douglas, J., did not take part)
56. Miller Music Corp. v. Charles N. Daniels, Inc.	362 U.S. 373 (1960)	(Harlan, J., Frankfurter, J., Whittaker, J., and Stewart, J., dissenting)
57. Sears, Roebuck & Co. v. Stiffel Co.	376 U.S. 225 (1964)	(Harlan, J., concurring)
58. Fortnightly Corp. v. United Artists Television, Inc.	392 U.S. 390 (1968)	(Fortas, J., dissenting); (Harlan, J., Douglas, J., and Marshall, J. did not take part)

CASE	CITATION	VOTE
59. Goldstein v. California	412 U.S. 546 (1973)	(Douglas, J., dissenting); (Brennan, J. and Blackmun, J., concurring with Douglas' dissent); (Marshall, J., Brennan, J. and Blackmun, J., dissenting)
60. Teleprompter Corp. v. Columbia Broad. Sys., Inc.	415 U.S. 394 (1974)	(Blackmun, J., dissenting in part); (Douglas, J., dissenting); (Burger, C.J., concurring with Douglas' dissent)
61. Twentieth Century Music Corp. v. Aiken	422 U.S. 151 (1975)	(Blackmun, J., concurring); (Burger, C.J. and Douglas, J., dissenting)
62. Sony Corp. of Am. v. Universal City Studios, Inc.	464 U.S. 417 (1984)	(Blackmun, J., Marshall, J., Powell, J. and Rehnquist, J., dissenting)
63. Capital Cities Cable, Inc. v. Crisp	467 U.S. 691 (1984)	Unanimous
64. Mills Music, Inc. v. Snyder	469 U.S. 153 (1985)	(White, J., Brennan, J., Marshall, J., Blackmun, J., dissenting)
65. Harper & Row Publishers, Inc. v. Nation Enters.	471 U.S. 539 (1985)	(Brennan, J., White, J., Marshall, J., dissenting)
66. Community for Creative Non-Violence v. Reid	490 U.S. 730 (1989)	Unanimous
67. Stewart v. Abend	495 U.S. 207 (1990)	(White, J., concurring); (Stevens, J., Scalia, J. and, Rehnquist, C.J., dissenting)
68. Feist Publications, Inc. v. Rural Tel. Serv. Co.	499 U.S. 340 (1991)	(Blackmun, J., concurring)

CASE	CITATION	VOTE
69. Fogerty v. Fantasy, Inc.	510 U.S. 517 (1994)	(Thomas, J., concurring)
70. Campbell v. Acuff-Rose Music, Inc.	510 U.S. 569 (1994)	(Kennedy, J., concurring)
71. Quality King Distrib., Inc. v. L'anza Research Int'l, Inc.	523 U.S. 135 (1998)	(Ginsburg, J., concurring)
72. Feltner v. Columbia Pictures Television, Inc.	523 U.S. 340 (1998)	(Scalia, J., concurring)

APPENDIX B

Statutory Interpretation of Copyright Law at the Supreme Court
(arranged chronologically)

CITATION	STATUTORY HOLDING
1. Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834)	All formalities of the 1790 Act must be observed to perfect title in copyright.
2. Backus v. Gould, 48 U.S. (7 How.) 798 (1849)	Remedies for publication without consent of copyright owner include forfeiture of infringing copies and fifty cents per sheet in possession of infringer.
3. Stephens v. Cady, 55 U.S. (14 How.) 528 (1852)	Purchaser of seized copperplate and engraving of a copyrighted map did not thereby acquire the right to make and sell copies of the map.
4. Stevens v. Gladding, 58 U.S. (17 How.) 447 (1854)	There is no common law of copyright in the U.S.; it is all created by statute.
5. Paige v. Banks, 80 U.S. (13 Wall.) 608 (1871)	Independent of any statutory provision, an author's right in and to his unpublished manuscript are full and complete, and may be assigned in their entirety, including rights not yet granted by the copyright act.
6. Perris v. Hexamer, 99 U.S. 674 (1878)	A substantial copy of the whole or of material parts of an author's copyrighted work is a requisite to a finding of infringement.
7. Baker v. Selden, 101 U.S. 99 (1879)	Where the art taught by a copyrighted work cannot be practiced without employing the methods and diagrams used to illustrate the book, such methods and diagrams are considered to be necessary incidents of the practice of the art and are not protected by copyright.
8. Merrell v. Tice, 104 U.S. 557 (1881)	A plaintiff in an infringement action must prove delivery of two copies of work to the Library of Congress within ten days of publication.
9. Thornton v. Schreiber, 124 U.S. 612 (1888)	A business manager who has control over infringing sheets of a photograph does not constitute "possession" within the meaning of copyright act.

CITATION	STATUTORY HOLDING
10. Callaghan v. Meyers, 128 U.S. 617 (1888)	Where copyright act requires three things to be done consecutively and all three were done on the same day, it will be assumed that the statute was complied with; parole evidence of an assignment of an interest in copyright is sufficient unless objected to or rebutted.
11. Banks v. Manchester, 128 U.S. 244 (1888)	A State is not considered a citizen capable of holding copyright within the meaning of the copyright act .
12. Thompson v. Hubbard, 131 U.S. 123 (1889)	Where copyright notice omits the year of registration and the name of the owner, or only states the former, the owner cannot maintain an action for infringement.
13. Belford, Clarks & Co. v. Scribner, 144 U.S. 488 (1892)	"Within ten days from publication" means no later than ten days after publication.
14. Brady v. Daly, 175 U.S. 148 (1899)	A decree establishing the validity of a copyright is binding upon the parties in an action for infringement of such copyright. In an action for injunctive relief, the request for an accounting of profits where no evidence is introduced establishing the existence of such profits will not preclude a later claim for damages.
15. Holmes v. Hurst, 174 U.S. 82 (1899)	Serialization of a literary composition in a magazine prior to registration of the work as a whole constitutes publication under the 1831 Act and precludes the author from restraining others who publish the uncopyrighted serialized parts as a consecutively paginated book; each serial installment is considered a book within the meaning of the Act.
16. Bolles v. Outing Co., 175 U.S. 262 (1899)	Statutory penalty imposed upon infringing sheets found in infringers possession does not extend to sheets which are traceable to infringer, but not presently in his possession.
17. Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903)	Pictorial illustrations are eligible for copyright protection under the act even though they are used as advertisement.

CITATION	STATUTORY HOLDING
18. Mifflin v. R. H. White Co., 190 U.S. 260 (1903)	Under the copyright act it cannot be inferred that the author of serialized work assigned its right to register copyright in the serialized work to the publisher of the magazine embodying it without express agreement to that effect; where publisher registered copyright in the magazine volume, such copyright does not extend to the serialized work contained therein.
19. Mifflin v. Dutton, 190 U.S. 265 (1903)	Where author serializes uncopyrighted chapters of book in a magazine, such chapters become public domain; author who registered copyright in entire book subsequently lost copyright in chapters which were serialized without notice of copyright in serialized work.
20. McLoughlin v. Raphael Truck & Sons Co., 191 U.S. 267 (1903)	The act of affixing in a foreign country to a publication a false statement that it is copyrighted under U.S. laws is not subject to the 1891 Act because of the non-extraterritorial operation of copyright law.
21. American Tobacco Co. v. Werckmeister, 207 U.S. 284 (1907)	Statutory notice requirement is satisfied if notice appears on copies but not on original. Exhibition of a work in an environment where there may be an implied covenant not to copy does not constitute publication under the copyright act. Prior to creation of a work, an author may assign copyright therein and thereto, independent of any transfer of ownership in the original work.
22. Werckmeister v. American Tobacco Co., 207 U.S. 375 (1907)	Actions for forfeiture of infringing materials and recovery of penalties must be brought as a single action.
23. United Dictionary Co. v. G & C Merriam Co., 208 U.S. 260 (1908)	Notice of U.S. copyright not required on copies published and sold abroad.
24. White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1 (1908)	The perforated rolls of player pianos are not copies of copyrighted musical compositions as defined in the copyright act.

CITATION	STATUTORY HOLDING
25. Dun v. Lumbermen's Credit Assoc., 209 U.S. 20 (1908)	Where only a small fraction of a copyrighted work is appropriated into a substantially original new work, injunctive relief will not be granted.
26. Bobbs-Merrill Co. v. Straus, 210 U.S. 339 (1908)	Sole right to vend under the 1901 Act does not secure to the owner of copyright the right, after a sale of the book to a purchaser, to restrict future sales of the book at retail at a certain price per copy.
27. Globe Newspaper Co. v. Walker, 210 U.S. 356 (1908)	Statutory remedies for the infringement of copyright in map are exclusive and preclude resort to common law actions.
28. Bong v. Alfred S. Campbell Art Co., 214 U.S. 236 (1909)	An "assignee" within the meaning of the copyright act is one who receives transfer, not of the copy, but of the right to make copies of it; a proclamation of the President is a precondition of the right of a foreign citizen to the benefits of the 1891 Act.
29. Caliga v. InterOcean Newspaper Co., 215 U.S. 182 (1909)	Registration of the same painting under a second title prior to its publication is impermissible as "double registration"; all of an author's statutory rights are exhausted by the first registration, which is perfected upon publication.
30. Hills & Co. v. Hoover, 220 U.S. 329 (1911)	Action of replevin to enforce forfeiture of infringing copies of engravings not prosecuted to judgment precludes a subsequent action in assumspit to recover the statutory penalty under the copyright act.
31. American Lithographic Co. v. Werckmeister, 221 U.S. 603 (1911)	Infringing copies of copyrighted painting need not be found in infringer's possession in order to render him liable for statutory damages.
32. Kalem Co. v. Harper Bros., 222 U.S. 55 (1911)	Makers of motion picture adaptation of book who sold the same for public exhibition infringed on right of author to dramatize his work under the 1891 Act.

CITATION	STATUTORY HOLDING
33. Ferris v. Frohman, 223 U.S. 424 (1912)	Public performance in England of an unpublished play by English authors determined not to deprive such owners of their common law right in the U.S. to prevent piratical adaptation of work.
34. Straus v. American Publishers' Assoc., 231 U.S. 222 (1913)	Monopoly created by federal copyright law does not preclude condemnation under the Sherman Anti-Trust Act.
35. Louis Dejonge & Co. v. Breuker & Kessler Co., 235 U.S. 33 (1914)	A single copyright notice on a sheet of paper containing a dozen copies of a copyrighted painting is not sufficient notice under the 1874 Act; each copy of the copyrighted work should bear the notice.
36. Herbert v. Shanley Co., 242 U.S. 591 (1917)	Unauthorized performance in restaurant or dining room of a copyrighted musical composition free of charge infringes right of copyright owner under the 1909 Act.
37. L.A. Westermann Co. v. Dispatch Printing Co., 249 U.S. 100 (1919)	Liability attaches in respect of each copyright that is infringed; under the 1909 Act, a court's discretion and sense of justice control in assessing statutory damages within the parameters established by the Act.
38. Fox Film Corp. v. Knowles, 261 U.S. 326 (1923)	Where an author dies more than one year prior to the beginning of the renewal term in his copyright, the statutory right to renew passes to his executor if the widow and children of the author are also deceased.
39. Lumiere v. Mae Edna Wilder, Inc., 261 U.S. 596 (1923)	Service of process on an agent of infringer in a district in which infringer did no business and where agent was not representing infringer is not service of process on an "agent" as provided for by the 1909 Act.
40. Buck v. Jewell-La Salle Realty Co., 283 U.S. 191 (1931)	Act of hotel proprietor making available to his guests the hearing of copyrighted musical compositions broadcast from a radio station through loudspeakers installed in his hotel constitutes a performance under the 1909 Act.

CITATION	STATUTORY HOLDING
41. Jewell-La Salle Realty Co. v. Buck, 283 U.S. 202 (1931)	In an action for infringement of copyright in a musical composition where there is no proof of actual damages, court must allow the minimum statutory recovery under the copyright act.
42. Fox Film v. Doyal, 286 U.S. 123 (1932)	Copyright, though created by Congress, does not produce an instrumentality of the government immune from taxes.
43. Douglas v. Cunningham, 294 U.S. 207 (1935)	Appellate courts cannot review the award of statutory damages by trial courts where such award is within the parameters of the provision of the 1909 Act.
44. Washingtonian Publ'g. Co. v. Pearson, 306 U.S. 30 (1939)	Pursuant to the 1909 Act, copyright is created upon publication with notice thereof; delay in making deposit of copyrighted work does not impair ability to sue for infringement.
45. Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390 (1940)	1909 Act does not prohibit the apportionment of profits in an infringement action.
46. Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943)	1909 Act does not nullify an agreement by an author made during the original copyright term to assign his renewal interest; there are no statutory restraints on assignment by authors of renewal term rights.
47. F.W. Woolworth Co. v. Contemporary Arts, Inc., 344 U.S. 228 (1952)	1909 Act empowers trial courts in their discretion to determine whether it would be more just to award proven profits and damages or statutory damages.
48. Mazer v. Stein, 347 U.S. 201 (1954)	Aesthetic aspects of a statuette lampbase may be copyrighted pursuant to the 1909 Act.
49. De Sylva v. Ballentine, 351 U.S. 570 (1956)	An author's widow and children take renewal right as a class upon author's death.
50. Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960)	Renewal rights are mere expectancies until possibility of renewal arrives.

CITATION	STATUTORY HOLDING
51. Fortnightly Corp. v. United Artists Television, Inc., 392 U.S. 390 (1968)	Application of a functional test to determine whether CATV was more like a viewer or performer, CATV found to be more like a viewer.
52. Teleprompter Corp. v. Columbia Broad. Sys., Inc., 415 U.S. 394 (1974)	CATV transmissions held not to be performances under the copyright act.
53. Twentieth Century Music Corp. v. Aiken, 422 U.S. 151 (1975)	Radio reception and broadcast of copyrighted musical compositions over four speakers in a restaurant determined not to be a performance under the copyright act.
54. Mills Music, Inc. v. Snyder, 469 U.S. 153 (1985)	Under the statutory exception to the right of an author to terminate grants in copyrighted work which allows derivative works prepared under authority of a grant before its termination to be utilized under terms of grant after its termination, an author's grant to music publisher of a license to create derivative works could not be terminated by author's heirs and the royalty provisions of the licenses awarded pursuant to the grant remained in effect upon heir's exercise of right to terminate the grant.
55. Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985)	Magazine's unauthorized publication of quotes from the heart of an unpublished manuscript, which was intended to trump author's first publication, does not constitute fair use under the 1976 Act.
56. Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989)	To determine whether work is made for hire under the 1976 Act, court should first use principles of common law of agency to determine whether work was prepared by an employee or independent contractor; a court can then apply appropriate subsection for work prepared by employee for specially ordered or commissioned work.

CITATION	STATUTORY HOLDING
57. Stewart v. Abend, 495 U.S. 207 (1990)	Under the 1909 and 1976 Acts, an author can only grant the right to produce derivative works during the renewal term of his copyright in the original work if he is alive at the time of renewal; until then, his interest in the renewal copyright is merely an expectancy.
58. Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991)	Sweat of the brow doctrine is not consistent with the 1976 Act; copyright in compilations of fact are thin and only extend to the original selection and/or arrangement.
59. Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994)	Prevailing parties in copyright actions, whether plaintiff or defendant, must be treated alike for the purpose of awarding statutory damages under the copyright act.
60. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994)	In applying the fair use factors under the 1976 Act, a determination that the allegedly infringing use is of a commercial character does not create a presumption against a finding of fair use.
61. Quality King Distrib., Inc. v. L'anza Research Int'l, Inc., 523 U.S. 135 (1998)	Under the 1976 Act, parallel imports are not prohibited by the first sale doctrine.

APPENDIX C

Copyright Decisions Involving Constitutional Principles
at the Supreme Court
(arranged chronologically)

CASE AND CITATION	CONSTITUTIONAL HOLDING
1. Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834)	In granting Congress the power to enact copyright legislation the Copyright Clause does not sanction an existing right, but creates a new one.
2. Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884)	Copyright Clause is broad enough to encompass an act authorizing copyright in photographs, in so far as they are representative of original intellectual conceptions of the author.
3. Higgins v. Keuffel, 140 U.S. 428 (1891)	Copyright Clause does not encompass labels which merely designate or describe the articles to which they are attached, since such labels have no connection to the progress of science or the useful arts.
4. Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903)	Printing and engraving are not excluded from the useful arts which Congress is empowered by the Constitution to promote.
5. Watson v. Buck, 313 U.S. 337 (1941)	State statute regulating combinations in restraint of trade is not a violation of the Supremacy Clause, since federal law does not grant copyright owners the right to combine.
6. Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964)	Under the Supremacy Clause, states cannot prohibit the copying of uncopyrighted and unpatented work through unfair competition laws.
7. Goldstein v. California, 412 U.S. 546 (1973)	The States did not relinquish to Congress all of their powers to regulate copyright and therefore state law governing copying of phonorecords is not pre-empted.
8. Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984)	Constitution gives Congress, not the courts, the power to define the scope of the limited monopolies granted to authors and inventors.
9. Capital Cities Cable, Inc. v. Crisp, 467 U.S. 691 (1984)	State requirement of blocking alcohol commercials in out-of-state signals retransmitted by cable operators is pre-empted by federal law.

CASE AND CITATION	CONSTITUTIONAL HOLDING
10. Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985)	Given the First Amendment values embodied in the fair use exception, there is no need for a public figure exception to copyright.
11. Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991)	Originality is a constitutional requirement of copyrightability.
12. Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340 (1998)	Seventh Amendment guarantees a right to trial by jury on statutory damages in copyright cases.

APPENDIX D

Non-Copyright Cases with Important Impact on Copyright Law
(arranged chronologically)

CASE	CITATION	VOTE
1. Trade-mark Cases	100 U.S. 82 (1879)	Unanimous
2. Ager v. Murray	105 U.S. 126 (1881)	Unanimous
3. International News Serv., Inc. v. Associated Press	248 U.S. 215 (1918)	Unanimous
4. Interstate Circuit, Inc. v. United States	306 U.S. 208 (1939)	(Frankfurter, J. did not take part); (Roberts, J., dissenting)
5. Commissioner of Internal Revenue v. Wodehouse	337 U.S. 369 (1949)	(Douglas, J. did not take part); (Frankfurter, J., Murphy, J., and Jackson, J., dissenting)
6. Public Affairs Assoc., Inc. v. Rickover	369 U.S. 111 (1962)	(Douglas, J., concurring); (Warren, J. and Whittaker, J., dissenting); (Harlan, J. dissenting)
7. Compco Corp. v. Day-Brite Lighting, Inc.	376 U.S. 234 (1964)	(Harlan, J., concurring)
8. Kewanee Oil Co. v. BicronCorp.	416 U.S. 470 (1974)	(Powell, J. did not take part); (Marshall, J., concurring); (Douglas, J., dissenting); (Brennan, J., concurring with Douglas' dissent)
9. Broadcast Music, Inc. v. Columbia Broad. Sys., Inc.	441 U.S. 1 (1979)	(Stevens, J., dissenting)
10. Dowling v. United States	473 U.S. 207 (1985)	(Powell, J., White, J. and, Burger, C.J., dissenting)

UNDERSTANDING THE COPYRIGHT CLAUSE

by L. RAY PATTERSON*

INTRODUCTION

Probably few industries as large as the copyright industry have rested on a legal foundation as slim as the twenty-four words of the copyright clause. And probably no foundation of comparable importance has been so little understood and so often ignored.[1] This is all the more surprising because the components of the copyright industry — information/learning/entertainment — are so important to a free society, and because the history of the copyright clause is so well documented.

My purpose is to examine the copyright clause in light of its history, and my thesis is threefold. First, the copyright clause contains three fundamental copyright policies: Copyright is to promote learning in order to preclude copyright censorship; copyright is to protect and enhance the public domain; and copyright is to ensure public access to copyrighted material. Second, these policies have been obscured by the dual theoretical basis of copyright — that copyright is the statutory grant of a limited monopoly and that a copyright is a natural law, that is common law, right of the author — which is a product of Anglo-American copyright history.

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[1] For example, *The Digital Dilemma: Intellectual Property in the Information Age* (National Academy Press), a report prepared by four prestigious committees (Committee on Intellectual Property Rights and the Emerging Information Infrastructure, Computer Science and Telecommunications Board, Commission on Physical Sciences, Mathematics, and Application, and National Research Council) over 200 pages long in its pre-publication form, contains no discussion of the copyright clause. The inference is that the copyright clause is a limited grant of power in that it deals only with copyright, but that the grant does not limit Congress' power to grant copyrights. The fact is that the clause is a limitation on, as well as a grant of, the copyright power.

Third, copyright as an author's common law or natural law right is a primitive copyright because it is a perpetual proprietary right that is devoid of any duties. This parochial nature is explained by its origin, the stationers' copyright, a publisher's copyright created in England under the Tudor and Stuart monarchs, which the monarchs sanctioned as a part of the licensing scheme to control the press during a time of religious conflict.

The idea that copyright is an author's right has a basis in the words of the copyright clause, but history shows that the author as the grantee of copyright was in fact part of a plan to destroy the booksellers' monopoly of the booktrade in the Statute of Anne in 1709,[2] the first English copyright statute.[3] But one of the things about the copyright clause is that if it contains an idea incompatible with copyright culture, it is ignored. Examples are the ideas that copyright promote learning and protect the public domain; if implemented, these limitations could curb the freedom of copyright holders in their business endeavors.[4] The widespread acceptance of the idea that copyright is an author's right, then, is explained not by the language of the copyright clause, but by the dominance of the proprietary culture in our society, which places the right of private property at the top of the hierarchy of societal values. The respect for the right of private property, of course, is justified because private property is the basis of a free society. But a collateral consequence of making information and learning the subject of a plenary property right — as the natural law copyright does — is copyright censorship, which is contrary to the freedom to learn, an essential component of a free society.

Copyright censorship existed in England for some 150 years in the form of the stationers' copyright, which, although not identified as such, was the original natural law copyright. Parliament solved the problem of copyright censorship in the early eighteenth century by creating a statutory copyright that embraced the policies of learning, protecting the public domain, and public access, the very policies in the copyright clause. This, of course, is because the framers adopted the English solution for the U.S. Constitution. The memory of society, however, is much like that of individuals; it is subject to the ravages of time, and the copyright policies no longer have the force they once did, in part because they have been weakened by the fact that copyright censorship can generate additional profits.

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[2] 8 Anne, c. 19.

[3] *See* Lyman Ray Patterson, *The Statute of Anne: Copyright Misconstrued*, 3 HARV. J. ON LEGIS. 223 (1966).

[4] For example, the idea that copyright is to promote, not inhibit, learning is contrary to the copyright holders' desire to control copyrighted works in a secondary market. Rejection of the promotion-of-learning idea is necessary to create an artificial market for licensing the copying of portions of copyrighted materials, the basis for developing the pay-per-use paradigm.

Computers have an economic impact on communications today analogous to the impact of the printing press in its day, and it is the computer that has caused the return of the problem of copyright censorship.[5] The issue is whether the old solution to the problem of copyright censorship for the printing press will work for copyright censorship in the computer age.

My argument is that because the policies have been constitutionalized, we have three choices. We can make them work; we can amend the Constitution; or we can ignore the copyright clause. The policies, however, are fundamental to a free society that we discard at our peril. And properly understood, they can be made to fulfill their function today as well as they did in the nineteenth century. To develop these points, I begin with a textual analysis of the copyright clause; I then analyze the source of that clause, English authorities that explain its meaning; and I use five copyright decisions in which plaintiffs sought to have the U.S. Supreme Court abandon one or more of the policies to promote copyright censorship in the interest of profit. (They were unsuccessful in each instance as the Court protected the constitutional copyright policies.) I then discuss the problem of understanding the copyright clause and the copyright solution to protect against copyright censorship.

I. INTERPRETING THE COPYRIGHT CLAUSE

My purpose at this point is to give a textual analysis of the clause, which is in the intellectual property clause, the eighth clause of the eighth section of Article I of the U.S. Constitution, which also contains the patent clause, and reads as follows: "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . . ." The parallel construction makes it easy to identify the copyright clause: "The Congress shall have Power . . . To promote the Progress of Science . . . by securing for limited Times to Authors . . . the exclusive right to their . . . Writings."[6]

These twenty-four words contain three ideas fundamental to a free society and are used to limit the copyright power: copyright is not to be

[5] An example is the Digital Millennium Copyright Act that amended the copyright statute to add Chapter 12, Copyright Management and Protection Systems, 17 U.S.C. § 1201 *et seq.* (Supp. IV 1998).

[6] Courts frequently state that the purpose of copyright is to "promote the Progress of Science and useful Arts," although the former is the purpose of copyright, the latter the purpose of patents. Evidence to support this position is the title of the patent statute and the copyright statute enacted by the First Congress. The copyright statute was entitled "An act for the encouragement of learning. . . ." 1 Stat. 124 (May 31, 1790), the patent statute was entitled "An act to promote the progress of useful arts," 1 Stat. 109 (April 10, 1790).

used for censorship (because copyright is to promote learning), the public domain (because copyright is limited to new works for a limited time),[7] and public access (because publication is a condition for statutory copyright).[8] I deal first with the idea that the clause mandates a copyright that protects the public domain, and begin with an obvious fact that is often overlooked. From the standpoint of statutory copyright, there are only two types of published works: those that are in the public domain and those that are not. Since Congress can grant authors the exclusive right only to their writings, the condition for copyright protection is an original work (or writing). This means that copyright cannot be used to capture material in the public domain, which remains available for anyone to use for any purpose. And since Congress can grant copyright only for a limited time, all copyrighted works eventually go into the public domain. A major purpose of copyright, then, is to protect the public domain, an idea that may be counter-intuitive, but is also irrefutable. No one can deny that the effect of the limitations on Congress' copyright power — if adhered to — is to protect the public domain. And given the role of copyright in controlling the press in England, it is not likely that the either the limitations or the effect is accidental.

The third policy, providing public access to copyrighted material, is the most obscure, because it depends upon the meaning of "the exclusive Right." The term "Right" can be used to designate a limited property, for example, the exclusive right to sell copies of a book, or to designate a plenary property, that is, a series of rights that are tantamount to ownership of the work. While the use of the singular is instructive, there are several tests to apply to the term as used in the copyright clause, all of which suggest that Congress can grant authors only a limited right, the exclusive right to publish — or to market — one's own writings. They are the tests of reason, practicality, and history.

It is reasonable to assume that if a purpose of copyright is to promote learning, the copyrighted work must be accessible to be learned, and it is

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[7] The term public domain means public ownership. The failure to appreciate the role of copyright in protecting the public domain for information and learning may be in part because the phrase is primarily associated with real property. Thus, in *Webster's International Dictionary*, 2d ed., "Public domain" is defined as meaning "Public land." And, in *Black's Law Dictionary*, 5th ed., "Public lands" is defined as "The general public domain; unappropriated lands . . . ." The phrase, however, has on occasion been used in relation to copyright infringement meaning public ownership of information. Sawyer v. Crowell Publ'g Co., 46 F. Supp. 471 (S.D.N.Y. 1942) (information, the source of which is available to anyone, is in the public domain and not subject to copyright).

[8] *See* Lyman Ray Patterson, *Copyright and the "Exclusive Right" of Authors*, 1 J. OF INTELL. PROP. LAW 1 (1993).

certain that access to writings can be ensured by publishing them, which explains why the copyright clause gives Congress the power to grant to authors the exclusive right to publish their writings. But does it do more and empower Congress to grant to authors a plenary property in their writings, *i.e*, a natural law copyright? The answer to the question depends upon whether the copyright clause is the manifestation of a limited grant or of a limited power, that is, whether it deals only with the subject of copyright, or whether the grant also limits Congress' power to deal with the subject. The language of the clause clearly indicates that the copyright power is limited, and the argument that Congress cannot provide authors with natural law copyright is simple. The natural law copyright is a primitive copyright, the proprietary base of which makes it appropriate for censorship, but not for the promotion of learning. If the copyright holder's right extends beyond the exclusive right to publish and becomes a plenary property (or natural law) right, copyright can be used to inhibit learning because the essence of property is the right to exclude.[9] Why, one may ask, would the framers, who limited Congress' power in order to promote learning, grant Congress a power that could be used to defeat, rather than to further, the stated goal?

From a practical standpoint, for example, one purpose of copyright is to motivate authors to make their works accessible to the public. While copyright as a general property right might or might not provide the motivation, the exclusive right to publish does. As a practical matter, then, there was no reason to give Congress the power to grant authors other rights that would not further, and might impede, the constitutional purpose of copyright. And in terms of history, statutory copyright from the beginning was available only for printed books.[10] Consistent with this beginning, Congress in the 1790 Copyright Act gave the author "the sole right and liberty of printing, reprinting, publishing and vending" the work,[11] which, of course, limited copyright to published works. Copyright as only the right to publish a work was true more than century later, as the U.S. Supreme Court made clear when it said "the purpose of the copyright

[9] The point was recognized in the controversy about the nature of literary property in England in the eighteenth century. "It was a just observation of Lord Northington 'that it might be dangerous to vest an exclusive property in authors. For, as that would give them the sole right to publish, it would also give them a right to suppress: and then those booksellers who are possessed of the works of the best of our authors, might totally suppress them.' The public have no tie upon authors or booksellers, to oblige them to keep a sufficient number of copies printed." Millar v. Taylor, 4 Burr. 2303, 2392, 98 Eng. Rep. 201, 249 (K.B. 1769) (Yates, J.).

[10] The Statute of Anne, 8 Anne, c. 19, the first copyright statute, provided copyright only for printed books.

[11] 1 Stat. 124, sec. 1 (1790).

law is . . . to secure a monopoly having a limited time, of the right to publish the production which is the result of the inventor's thought."[12] This condition for copyright continued until the 1976 Act, and was succinctly expressed in the 1909 Copyright Act, which provided that one obtained copyright for a book by publishing it with notice.[13] The fact that Congress did not exercise a power to grant copyright for unpublished works does not, of course, mean that it did not have the power, but the failure to exercise this power for some two hundred years is at least circumstantial evidence that its contemporary use is suspect since unpublished works have always existed, even before copyright. The Framers thus surely understood the "exclusive Right" that Congress can grant to mean only the exclusive right to publish.[14]

The first policy mentioned — that copyright is not to be used for censorship because its constitutional goal is to promote learning — presents the most difficult job of persuasion. It is easy to assume that the language "to promote the Progress of Science" falls into the category of a civic club slogan that has a feel-good quality, but no substantive meaning. This facile — even cynical — view, however, ignores three facts. One is that the U.S. Constitution is written in a spare and elegant style devoid of superfluous language. There is no reason to suppose that in the eighth clause of the eighth section of Article I master wordsmiths would mar that style with a meaningless phrase.

The second fact is that if the language is given its plain meaning, the promotion of learning is a condition for copyright, as one court held in 1829 denying copyright protection for news reports.[15] But the result of this interpretation is a content-based copyright that runs afoul of the free speech rights guaranteed by the First Amendment. (If the government can deny copyright protection for a pornographic pamphlet, presumably it can also deny copyright for a political tract.) It is logical to assume, however, that the policy of learning requires the absence of the major condition that would inhibit learning, copyright censorship in the form of the right to exclude others from access to published works. Historically, the author who withheld his or her own writings from publication was not guilty of copyright censorship because there was no copyright on such works. To-

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[12] American Tobacco Co. v. Werckmeister, 207 U.S. 284, 293 (1907).

[13] 17 U.S.C. § 10 (1909 Act).

[14] Today, however, it is appropriate to interpret the phrase to mean the exclusive right to market a work because publication was the way of marketing a work in the eighteenth century. By the same token, the right to market should be limited to the primary, and not include the secondary market, for publication was only for the primary market.

[15] Clayton v. Stone, 5 F. Cas. 999 (C.C.S.D.N.Y. 1829) (No. 2872) (Opinion by Thompson, Circuit Justice).

day, however, the author has copyright protection without applying for it and can use copyright to deny access to works that he or she has not published but which have been placed in the archives of a public library.[16] The cross-pollination effect is that the author also has the right to control access to his or her published works.[17]

Copyright owners deemed this enhancement of the copyright monopoly to be justified because new technology enables the consumer to become a de facto competitor who can defeat the benefit to the author that the "exclusive Right" implies, that is profit from the marketing of works. The real problem, however, is usually ignored. Should copyright be used to create a new market just because new technology makes one feasible? The high speed copier, for example, has given rise to the pay-per-use paradigm by reason of which the copyright holder exercises control over the use of books by a person who has purchased the book. The post-purchase market, however, is a secondary market inconsistent with the constitutionally stated purpose of copyright, the promotion of learning, which would explain why it was forbidden in the nineteenth century,[18] and rejected by the U.S. Supreme Court in the early twentieth century when it created the first sale doctrine.[19]

When viewed in the light of logic, the right of a copyright holder to control the purchaser's non-commercial use of a book simply does not make much sense, either historically or politically. Historically the author's profit came from the sale of copies, not the use of the copies after they have been sold; and politically there is a difference between controlling access for proprietary purpose and for political purposes. Proprietary access is exemplified by the exclusive right to publish a work for sale, which protects against infringement by competitors; political access would be the result of extending the right to control access to a copy of the work by persons who have purchased the copy. The difference is thus one of degree, depending upon whether access is denied to a competitor or a consumer. Control over the consumer's access would require the consumer to obtain permission in the form of a license to use the work, as the pay-per-use paradigm does. Consider, for example, the requirement that professors obtain a license to copy a portion of a book in the library for class

16 Salinger v. Random House, Inc., 811 F. 2d 90 (2d Cir. 1987).

17 American Geophysical Union v. Texaco, Inc., 60 F. 3d 913 (2d Cir. 1995).

18 *See* Stover v. Lathrop, 33 F. 348 (C.C.D. Colo. 1888) in which Justice Brewer of the U.S. Supreme Court sitting on circuit said, "[T]he effect of a copyright is not to prevent any reasonable use of the book which is sold. I may use that book for reference, study, reading, lending, copying passages from it at my will. I may not duplicate that book, and thus put it upon the market, for in so doing I would infringe the copyright. But merely taking extracts from it, merely using it, in no manner infringes upon the copyright."

19 Bobbs-Merrill Co. v. Straus, 210 U.S. 339 (1908).

use.[20] This is censorship in its most insidious form, that is, for profit, not politics. When politics provides the motivation for censorship, the concern is content and the politics may change, but when profit is the motivation, the content is irrelevant, and the desire for profit neither changes nor diminishes. Thus, it is reasonable to assume that the framers sought to avoid economic as well as political censorship, as indicated by the stated purpose of copyright, "to Promote the Progress of Science," a purpose wholly consistent with free speech rights that the First Amendment protects.

The third factor that is evidence of the anti-censorship theme is the pattern of the clause. Congress is forbidden to provide copyright for public domain materials, required to make copyright available only for original works, only for a limited time, and is limited to providing copyright for published works, all of which promote public access, which is contrary to censorship. Once a book is published, it is beyond the reach of the licensor's imprimatur; and the First Amendment stays the licensor's hand prior to publication. There is, then, a very persuasive case for the promotion of learning policy as an anti-censorship policy. There are, however, two arguments against the policy. One is that censorship is irrelevant to copyright because copyright protects only one's own writings and one has a right to control access to those writings. The other is that censorship is forbidden to governmental, not private, actors. Apart from the fact that by reason of the right to assign and the work-for-hire doctrine, copyright is not limited to one's own writings, the first argument ignores a fundamental distinction in copyright law: the difference between the work and the copyright. The distinction is made clear as a matter of law by section 202 of the copyright statute, which distinguishes the ownership of the copyright from the material object in which the work is embodied, and as a matter of reason by the fact that the work and the copyright are separate entities, for the work continues to exist after the copyright term has expired. As the U.S. Supreme Court explained, "While it is true that the property of copyright in this country is the creation of statute, the nature and character of the property grows out of the recognition of the separate ownership of the right of copying from that which inheres in the mere physical control of the thing itself . . . ."[21]

The point is that the anti-censorship policy relates to the use of the work, not the use of the copyright. An author is always free to withhold his or her writings from the public. But an author who publishes his or her writing and claims statutory copyright protection should not be free to play yo-yo with the public's right of access to a work of learning, because

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[20] Princeton Univ. Press v. Michigan Document Servs., Inc., 99 F.3d 1381 (6th Cir. 1996) (en banc).

[21] American Tobacco Co. v. Werckmeister, 207 U.S. 284, 297-98 (1907).

control of access is the essence of censorship. The right of public access, in short, is an implied condition for copyright protection just as originality is an express condition. This makes sense when one appreciates the fact that copyright is essentially a rule to protect the copyright holder against competitors, not users. Arguably the copyright clause does not empower Congress to give the copyright holder control over the conduct of the consumer as consumer. The Supreme Court, for example, has held that the personal use of a copyrighted motion picture by copying it off-the-air for later viewing is a fair use and not an infringement.[22]

The second argument — that the First Amendment is protection only against governmental actors — should be considered in light of the fact that a private actor asserting copyright rights under the color of law, and if he or she does not have the rights asserted, that conduct can result in the denial of rights the same as if the actor were acting for the government. Recall that *Feist* says there is a constitutional right to use uncopyrightable material in a copyrighted work.[23] The nature of the act, not the identity of the actor, should determine the existence of the wrong. The issue is thus one of standing and accountability — the standing of a citizen to protect constitutional rights and the accountability of those who violate those rights.

Not to be overlooked is the fact that the copyright statute provides copyright holders with the right to invoke draconian remedies. Thus, infringing copies and devices for making infringing copies can be impounded and destroyed under section 503, and under section 509, if the infringement is criminal, the materials can be seized and forfeited to the U.S. Government. This is a surprising feature of a statute that is to promote learning, but it can be explained as a recidivistic vestige of the book burning remedies available against copyright infringers in England when copyright was used as a device of governmental censorship.[24]

A textual analysis of the copyright clause thus demonstrates how that clause limits the power of Congress with policies to promote learning, a process that is vital to a free society. As President George Washington said in a message to Congress on January 8, 1790 that led to the enactment of the 1790 Copyright Act: "Knowledge is, in every country, the surest

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22 Universal City Studios, Inc. v. Sony Corp. of Am., 464 U.S. 417 (1984).

23 Feist Publications, Inc. v. Rural Telephone Serv. Co., 499 U.S. 340 (1991).

24 The Charter of the Stationers' Company gave the officials of the Company the power to search for illegal printing and presses and "to seize, take, hold, burn, or turn to the proper use of the foresaid community, all and several those books and things which are or shall be printed contrary to the form of any statute, act, or proclamation, made or to be made. . . ." The Charter is printed at I Arber, *A Transcript of the Stationers' Registers* XXVII-XXXII (Privately Printed, London, 1875). The quoted language is taken from p. XXXI.

basis of public happiness."[25] For Congress to use the copyright clause to delegate to copyright holders powers that the First Amendment denies to Congress — to control access to published works that have been purchased in the open market — makes little sense and worse policy. It makes knowledge merely a commodity for the market and undermines the basis of public happiness.

II. THE ORIGIN OF THE COPYRIGHT CLAUSE

The richness of the English language makes suspect a textual analysis of a provision of the U.S. Constitution that contains only twenty-four words, in this instance, the copyright clause, to prove that the clause limits Congress' power to implement the clause. Even if the analysis is congruent with reason and consistent with impeccable logic, the framers may not have been as punctilious when writing the words as the analyst in interpreting them. If, however, the textual analysis is supported by history, there is a good argument that the burden of proof shifts to those who dispute the conclusion that the policies in the clause impose meaningful, not merely illusory, limits on Congress' copyright power. Those policies are that copyright censorship to control an individual's access to published works that have left the stream of commerce is unconstitutional; that copyright protects the public domain; and that copyright provides public access to learning materials.

I start with the point that the direct source of the ideas in the copyright clause is the Statute of Anne of 1709,[26] English copyright statute, the origin of the statutory copyright. From this vantage point, we can look back to the early copyright in England, the stationers' copyright, created by and for publishers as a matter of private law (and thus was not available to authors), which was modified by the Statute of Anne to create the statutory copyright; we can then look forward to the definitive interpretation of the Statute of Anne by the House of Lords in 1774, some thirteen years before the Constitutional Convention in which the framers used that statute in drafting the copyright clause. The similarities are too great to be coincidental, and it is worthy of note that twelve of the thirteen states (all except Delaware) had used the Statute of Anne as a model for enacting state copyright statutes during the period of the Confederation — from 1783 to 1786 — shortly before the Constitutional Convention in 1787.

The title of the Statute of Anne read: "An act for the encouragement of learning, by vesting the copies of printed books in the authors or pur-

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[25] COPYRIGHT IN CONGRESS 1789-1904, at 115 (Thorvald Solberg, ed. 1905).

[26] 8 Anne, c. 19. The date of the statute is sometimes stated to be 1710. In fact, the statute was enacted in February, 1709, but it did not go into effect until the following April, 1710. The disparity is explained by the fact that at that time, the New Year in England began in March, not on January 1.

chasers of such copies, during the times therein mentioned." This language manifests the same three policies that we find in the copyright clause: the promotion (encouragement) of learning; the protection of the public domain, and public access, a point made clearer by the language of the statute than the elliptical phrasing of the title. The term "copie" — a synonym for manuscript—was the Stationers' term for copyright; and in the language of the statute, the author was given "the sole liberty of printing and reprinting" books that he or she composed "for the term of fourteen years, to commence from the day of the first publishing the same, and no longer . . . ." This language in 1709 meant that copyright did not come into existence until the work was published, which explains the essence of copyright as the right to reproduce the work in copies. And in 1769, the Court of King's Bench defined "'copy of a book,' which has been used for ages, as a term to signify the sole right of printing publishing and selling . . . ."[27] More persuasive, perhaps, is Noah Webster's comment that "The origin and progress of laws, *securing to authors the exclusive right of publishing and vending their literary works*, constitute an article in the history of a country of no inconsiderable importance."[28] Unless we are to assume that the framers gave copyright a unique definition, we can be sure that "the exclusive Right" in the U.S. Constitution means only the right to publish.[29] Indeed, the evidence that the policies in the copyright clause of the U.S. Constitution track the English policies in the Statute of Anne is so clear that the interesting question is what events in English history spawned the policies that shaped the first copyright statute.

William Caxton's introduction of the printing press into England in 1476 was the predicate for the creation of copyright, but it was political events that enabled the publishers to shape the concept. Henry VIII's break with the Roman Catholic Church in the 1530's resulted in a religious conflict between the new Church of England and the Roman Catholic Church that lasted for some hundred and fifty years (until the Glorious

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[27] Millar v. Taylor, 4 Burr. 2303, 2312, 98 Eng. Rep. 201, 206 (1769) (Willes, J.). *Cf.* Lord Mansfield's statement: "I use the word 'copy,' in the technical sense in which that name or term has been used for ages, to signify an incorporeal right to the sole printing and publishing of some[thing] intellectual, communicated by letters." *Id.* at 2396, 251.

[28] NOAH WEBSTER, COLLECTION OF PAPERS ON POLITICAL, LITERARY AND MORAL SUBJECTS 173 (1843)(emphasis added).

[29] The point is emphasized by J. Willes' comment that "bona fide imitations, translations, and abridgments are different; and, in respect of the property [copyright], may be considered as new works . . . ." *Millar*, 4 Burr. at 2310, 98 Eng. Rep. at 205. Thus, one who abridged a work did not infringe the copyright. Today, the phrase probably should be read as meaning the exclusive right to market a work, but only for the primary, not the secondary, market.

Revolution in 1688), during which time the sovereign felt it necessary to control the output of the press to protect his or her crown. Consequently censorship and press control were central governmental policies, whether the sovereign was a Roman Catholic, as was Henry's daughter Mary, or Protestant, as was his daughter Elizabeth I.

The marquee events of this century and half — the short and bloody reign of Mary, the glorious reign of Elizabeth I, the reign of the Stuarts, James I and Charles I, the English Civil War, the beheading of Charles I, the reign of Oliver Cromwell, the restoration of the throne to the Stuarts in the person of Charles II, and the Glorious Revolution that deposed James II and ensured Protestant succession to the English throne — have obscured more pedestrian events that in effect determined the content of two provisions of the U.S. Constitution: the copyright clause and the First Amendment. These pedestrian events were, for the most part, legislation in various forms: Philip and Mary's grant of a charter to the guild of stationers to create the Stationers' Company (the London Company that controlled the printing and publishing of books), decrees and acts of press control and censorship (the Injunctions of 1559, Star Chamber decrees in 1566, 1586 and 1637); ordinances for the same purpose during the interregnum (Ordinances of 1643, 1645 and 1649); the Licensing Act of 1662; and, finally, the Statute of Anne in 1709. These documents show us the pedigree of copyright and the paradox is that documents designed to suppress learning should result in a constitutional provision designed to promote learning.[30]

The irony is that the Statute of Anne, because it was the first parliamentary copyright statute, has been viewed as the beginning of copyright and thus has served as a curtain to hide its predecessor, the stationers' copyright, and its relevance. Perhaps this is understandable in view of the rejection of the policies of press control and censorship prior to the enactment of the statute, but a moment's reflection will show it to be error. The rejection of censorship was a necessary condition for the copyright statute in the public interest, but a concept as sophisticated as copyright could not spring forth full grown as if Parliament were Minerva's brow. And in fact the draftsman of the Statute of Anne (who, according to legend, was Jonathan Swift) used the stationers' copyright as a model, and there is evidence that he also resorted to the Licensing Act of 1662, presumably to make sure that undesirable features of the stationers' copyright protected by provisions of that statute were not a part of the new statutory copyright. The evidence for inferring that the Licensing Act was a source for

[30] For a detailed discussion of these various documents and their relevance to the development of copyright law, *see* LYMAN RAY PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE (1968).

the Statute of Anne is that some provisions of the latter do not make any sense until related to provisions in the former.[31] And, of course, Swift — if he did draft the Statute of Anne — must have resorted to the ordinances of the Stationers' Company, which provided the only precedent for copyright. For example, the new statute required registration of the title in the company registers the same as the ordinances of the Stationers Company, but the statute also provided an alternative means of registration — notice in the *London Gazette* — if the company clerk should refuse to register a work.

The stationers' copyright thus was a major factor in the development of the Anglo-American copyright and it will be useful to understand the features of that copyright that were so objectionable and why. The first point to note is that the Stationers' Company had a monopoly of printing and publishing books (except for the University printers and the recipients of printing patents from the sovereign) by reason of the charter that Philip and Mary granted them, and, indeed, it was to create this monopoly in order to use the stationers as policemen of the press that the charter was granted.[32] The monopoly was a quid pro quo for services to be rendered to the state, and served the interest of both parties, the monopolists and the

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31 For example, section IX of the Statute of Anne, 8 Anne, c. 19, read as follows: "Provided nevertheless, That nothing in this act contained shall extend, or be construed to extend, either to prejudice or confirm any right that the said universities, or any of them or any person or persons have, or claim to have, to the printing or reprinting any book or copy already printed, or hereafter to be printed." This language appears to negate other provisions of the statute, for example, that "the author of any book or books . . . shall have the sole liberty of printing and reprinting such book and books for the term of fourteen years." Section I. The answer to this problem depends upon the meaning of "any right" in section IX, and reference to the Licensing Act makes it clear that "any right" refers to the printing patents.

Section XXII of the Licensing Act, 13 & 14 Car. II, c. 33, read: "Provided also, That neither this act, nor any thing therein contained, shall extend to prejudice the just rights and priviledges granted by his Majesty, or any of his royal predecessors, to any person or persons, under his Majesties great seal, or otherwise, but that such person or persons may exercise and use such rights and priviledges as aforesaid, according their respective grants; any thing in this act to the contrary notwithstanding."

When section IX of the copyright statue is read in light of section XXII, it seems clear that section IX was intended to say that the statute did not deal with the privileges granted by the sovereign, that is, was not to prejudice or to confirm the right.

32 "By the charter of Queen Mary, the Company of Stationers were made a kind of literary constables, to seize all books that were printed contrary to the statute, &c. And, as Mr. Yorke observed . . . when once the company were made absolute, they attempted to execute such outrages that no body could submit to." *Millar,* 4 Burr. at 2374-75; 98 Eng. Rep. at 240 (Yates, J.).

licensors. (The Licensing Act of 1662 made the publication of a book in violation of the stationers' copyright as much of an offense as publishing a book without the licensor's imprimatur.) The stationers' copyright was an individual monopoly within a company monopoly, which made it ideal for controlling the press and this, of course, is why it was so effective in controlling the booktrade.

With a monopoly of printing and publishing, the stationers did not have to worry about outside competition and their primary concern was a system for maintaining order within the company. Without rules to determine who was entitled to publish what, the desire for profit would surely have led to anarchy in the company, a condition that was avoided by a very simple system. A member who registered the title of a work in the company register was entitled to "the copie," that is copyright, of that work. Since the company's trade was printing and publishing books, not writing them, an author could not be a member of the company, and since registration was a right of members only, the author was disqualified from holding a copyright even of his or her own work.

Perhaps the most significant point most often overlooked is that when compared to the statutory copyright, the early copyright was a primitive copyright created by publishers to serve their ends (protection against competition), and neither the common law courts nor Parliament had any role in the shaping of the concept prior to the Statute of Anne. As a London Company, the Stationers' Company had the power of self-governance and the authority to enact ordinances for that purpose. The rules of copyright were first formalized in these ordinances, which were subject to official approval, but were private law whose jurisdiction was limited to members of the company.[33] The essence of the stationers' copyright was the exclusive right of the "copie" owner to publish the work in perpetuity. And as one would expect of monopolists, the stationers worked assiduously to strengthen and enlarge their monopoly in order to control the booktrade. The most active members for this purpose were the booksellers (publishers), who became the most prominent force in the company over the bookbinders and the printers, the other two groups. Indeed, so dominant were the booksellers that the stationers' monopoly of the booktrade was identified as the booksellers' monopoly.

The records of the Stationers' Company indicate that a primary role of the booksellers in perpetrating their monopoly was as lobbyists seeking to have the decrees of censorship and press control strengthened. They continually petitioned the Star Chamber to provide greater protection for

[33] "The by-laws of the Stationers Company protect none but their own members. What security then were all these instruments for the copy-right of any author?" *Millar*, 4 Burr. at 2377, 98 Eng. Rep. at 241.

their monopoly by strengthening the decrees of press control, and after the Star Chamber was abolished in 1641, they petitioned Parliament to the same end. Whether the resulting law — the Star Chamber decrees, the ordinances during the Interregnum and the Licensing Act of 1662 (which had a sunset clause and had to be continually renewed) — was due primarily to the booksellers' efforts or other factors or a combination, we do not know for sure. But we do know that after the Glorious Revolution of 1688 effectively ended the political-religious controversy between Anglicans and Catholics and that the Licensing Act was allowed to lapse for all time just six years later in 1694.

The booksellers' sought new legislation to continue the government's control of the press — in the interest of "good governance." "For five years successively, attempts were made for a new Licensing Act. Such a bill once passed the House of Lords: but the attempts miscarried, upon constitutional objections to a licenser."[34] The booksellers further "applied to Parliament, in 1703, 1706, and 1709,"[35] and the last petition resulted in the Statute of Anne. Probably the only feature of the Statute of Anne that pleased the booksellers was the grandfather clause that continued the old copyrights — the stationers' copyrights — for a period of twenty-one years. Otherwise, the statute was designed to destroy the booksellers' monopoly of the booktrade and to prevent its recurrence.[36] Thus, the statute provided for a highly sophisticated copyright that made the author the initial owner of copyright (relegating booksellers to the status of assignees), made the creation of a new work a condition for copyright, and limited the term of copyright — formerly perpetual—to two terms of fourteen years each. As if adding insult to injury, Parliament made the second copyright term available only to the author and only if the author were living at the end of the first term, a provision that provided for the early entry into the public domain of the works of dead authors and further limited the booksellers' monopoly. And for good measure, the statute also contained provisions to control the prices of books.

These provisions were clearly to limit the use of copyright as an instrument of monopoly, but there were also provisions to prevent the continued use of copyright as a device of censorship. The very title of the statute — "An act for the encouragement of learning. . . ." — signified the end of copyright censorship, a goal that the statutory requirement of publication implemented. And limiting copyright to new works meant that copyright could not be used to capture works in the public domain. This provision, together with the limited term, of course, created the public do-

[34] *Millar,* 4 Burr. at 2317, 98 Eng. Rep. at 209.

[35] *Id.*

[36] *See* Lyman Ray Patterson, *The Statute of Anne: Copyright Misconstrued, supra* note 3.

main for information and literature, a condition necessary for the freedom to learn. Moreover, the statute protected the right to import books printed beyond the seas, presumably because the Licensing Act had subjected foreign, as well as domestic, books to censorship.

Despite the fact that the design of the Statute of Anne was a cause for the booksellers' discontent, they continued business as before. Apparently they engaged in no further lobbying efforts after their old copyrights finally expired, when they sought new legislation from Parliament, an effort that failed. The rebuff by Parliament seems to have caused the monopolists to write off the legislative arena as a place to achieve to their goal, for thereafter they sought relief in the judicial arena. Since a statute is superior to a judicial opinion in the legal hierarchy, the booksellers' resort to courts would appear to be a futile effort. The plain wording of the Statute of Anne seemed to foreclose creative interpretation.

The Statute, however, did provide a loophole for the monopolists. The statutory copyright, although a right of the author, did not come into existence until the author's book was published. Thus, under the terms of the Statute of Anne, there was a hiatus in the law as to the ownership of a work between the time it was created (when it existed only in manuscript form) and the time it was published (when it was put into book form). This omission can be viewed as a parliamentary oversight, but it can also be viewed as evidence that the statutory copyright evolved from and was based on the stationers' copyright. To the stationers, the identity of the author who had created the works they registered was irrelevant. There was no need for them to be concerned with prior ownership of a copie, and the company ordinances did not deal with the issue of how the stationer acquired title to the work registered, for registration of the title determined ownership. The drafters of the Statute of Anne, then, had no precedent for granting ownership of a work to the author prior to publication. The failure to deal with this problem in the Statute of Anne, however, created a void that, absent new legislation, could be filled only by judicial decision.

The natural candidate for the role of the owner of a work in manuscript before the copyright came into existence by publication was the author. Indeed, the idea that the author owned the work he or she created was a powerful one based on the natural law that was both irresistible and irrefutable, and it provided the booksellers with an argument in their efforts to persuade the courts to nullify the Statute of Anne by interpretation and thus defeat its regulatory goal. If an author owned a work by reason of creation under the natural law, why should that author be said to forfeit that ownership by publication, the very act that would encourage learning? And, of course, a common law copyright based on natural law

had no term limits and would last in perpetuity as had its predecessor, the stationers' copyright.[37]

The booksellers pursued their natural law goal for some forty years in what came to be known as "The Battle of the Booksellers," but we can limit our concern to the last five of those years, 1769 to 1774. The first is the date of *Millar v. Taylor*,[38] a King's Bench decision that was the booksellers' major victory, and the second is the date of *Donaldson v. Beckett*,[39] a House of Lords decision that overturned *Millar*. In *Millar*, the court ruled 2 to 1 that, indeed, the author does have a common law copyright in perpetuity in accordance with natural law. Thus the importance of the case is that it made the natural law copyright a part of Anglo-American copyright jurisprudence, a point best demonstrated by language from Lord Mansfield's opinion. Explaining why the common law copyright should be recognized, he said:

> The author may not only be deprived of any profit, but lose the expence he has been at. He is no more master of the use of his own name. He has no control over the correctness of his own work. He can not prevent additions. He can not retract errors. He can not amend; or cancel a faulty edition. Any one may print, pirate, and perpetuate the imperfections, to the disgrace and against the will of the author; may propagate sentiments under his name, which he disapproves, repents and is ashamed of. He can exercise no discretion as to the manner in which, or the persons by whom his work shall be published.[40]

This language indicates the primitive nature of the perpetual common law copyright based on natural law. The only person whose rights are recognized are those of the author, a point made succinctly by Elijah Paine in

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[37] One of the subtle ironies in the booksellers' position was their use of natural law. The stationers' copyright had been a natural law copyright based on the manufacture of books. Their argument to the courts would be that the author was entitled to a natural law copyright based on the writing of a book. The switch was from sweat-of-the-brow equity to intellectual equity as a basis for copyright, but the change was inconsequential for the monopolists. In either instance, the goal was to make the author's copyright perpetual just as the publisher's copyright had been. That the title would be vested in the author initially was a matter of small concern since the bookseller would simply demand the assignment of the copyright as a condition for publishing the work.

[38] 4 Burr. 2303, 98 Eng. Rep. 201 (K.B. 1769).

[39] 4 Burr. 2408, 2 Bro. P.C. 129, 98 Eng. Rep. 257; 1 Eng. Rep. 837 (H.L. 1774); 17 Cobbett's Parl. Hist. 953 (H.L. 1813).

[40] 4 Burr. at 2398; 98 Eng. Rep. at 252. Lord Mansfield did not explain how these rights would be implemented if the author assigned the copyright to the publisher, as was the custom.

arguing for his client Wheaton in *Wheaton v. Peters*[41] when he said, "No person can have any rights opposed to the author's."[42]

Millar was not appealed, and the House of Lords rejected the natural law copyright five years later in *Donaldson*. In that case, the Lords provided a simple solution to the seemingly intractable problem of the hiatus in the law about ownership of the copyright between the time of creation and the time of publication. The author, they said, does own his or her work prior to publication, but can have only the statutory copyright after publication. The common law copyright was thus only the author's right of first publication, contrary to the statutory copyright, which was the right of continued publication. In the abstract, the holding — a common law copyright that disappeared upon publication — appears to be anomalous, but the case was not decided in the abstract; it was decided in the context of a concrete — and opprobrious — monopoly of the booktrade by the booksellers.

The most persuasive factor against the booksellers in the House of Lords may have been the fact that some sixty-four years after the Statute of Anne was enacted, they continued to ignore its provisions and continued business as if the statute had never been enacted. In the debate in the House of Commons on the bill to overturn the Lords' ruling in *Donaldson* (introduced within a week after the ruling), a former bookseller in response to the question "Why is was not the custom of those who are possessed of copy-right, to enter them in the books of the Stationers' Company?" responded that "he never thought the penalties prescribed by the Act of the Eight of Queen Anne were worth contending for, as a much short and more complete relief might be had, by filing a bill in Chancery . . . ."[43] Apparently they were not willing that such a small thing as a Parliamentary statute should deprive them of the natural law copyright. What their arrogance proved, however, was that copyright as a natural law monopoly would defeat the policies of the Statute of Anne — the encouragement of learning, the protection of the public domain, and public access by publication.

Donaldson provided the definitive interpretation of the Statute of Anne some sixty-four years after it was enacted, and thus implemented the statute's goal, to make copyright a limited statutory grant that would

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[41] 33 U.S. (8 Pet.) 591 (1834).

[42] *Id.* at 602.

[43] XVII William Cobbett, The Parliamentary History of England, *A.D. 1771-1774* 1077, at 1085 (1813). The response was by William Johnston, a former bookseller whose testimony suggests that the conduct of contemporary publishers in ignoring the copyright statute, *e.g.*, in copyright notices forbidding any copying without permission, has historical precedent. *Id.* at 1079-86.

be less effective as a device for monopolizing the booktrade than the perpetual copyright. The delay in getting the definitive interpretation is evidence of the booksellers' power, but the timing may have been fortunate for those who seek to understand the copyright clause. Both *Millar* and *Donaldson* can be read as annotations of the clause, *Millar* telling us what it does not mean, *Donaldson* tell us what it does. Any reluctance to accept the relevance of the two cases to a proper understanding of the copyright clause should be dispelled by their use by opposing counsel in 1834 in arguing the case of *Wheaton v. Peters* before the U.S. Supreme Court (the Court's first copyright case) in which the Court interpreted the Copyright Act of 1790, a copy of the Statute of Anne that the King's Bench and the House of Lords interpreted in 1769 and 1774. Moreover, it is worthy of note that the English statute must have been familiar to the Framers.[44]

History before 1787 demonstrates the English concern for the primitive copyright in the form of a natural (or common) law monopoly, and history after 1787 shows that this concern was transferred to the United States. The framers accepted the English solution to the copyright monopoly and constitutionalized it. And in the nineteenth century both Congress and the courts, particularly the U.S. Supreme Court, treated copyright as a monopoly to be carefully circumscribed. The best example of this anti-monopoly culture was the abridgment doctrine by reason of which one could abridge another's work without infringing the copyright (the "fair" abridgment doctrine which was eventually replaced by the fair use doctrine.) The best case to demonstrate the anti-monopoly culture is *Stowe v. Thomas*,[45] in which the court held that a German translation of *Uncle Tom's Cabin* did not infringe Harriet Beecher Stowe's copyright because her copyright protected the work only as it was published.

In the nineteenth century, Congress by and large respected the limitations on its copyright power. Despite the extension of copyright to materials other than books (engravings and prints, music, and art), and the grant of rights to accommodate the new subject matter, the grant of rights was limited as appropriate for each kind of work, to copy works of art, to perform dramas and musical compositions, and to publish and vend books. But the respect for the constitutional limitations on its copyright power seems to have faded. And while the lower courts have concurred with Congress and succumbed to natural law theory that Congress is unre-

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[44] *See* argument of Elijah Paine in *Wheaton v. Peters*: "The case of *Donaldson v. Beckett* was decided in the House of Lords, in 1774. This case, and all the law on this subject, discussed and decided by it, must have been known to the lawyers of the convention. The opinion of the judges in the case of *Millar v. Taylor*, must also have been familiar to them." 33 U.S. (8 Pet.) at 601.

[45] 23 F. Cas. 201 (C.C.E.D. Pa. 1853) (No. 13,514) (Justice Grier of the U.S. Supreme Court on circuit.)

strained in the exercise of it copyright power (as reflected in their interpretations of the 1976 Copyright Act), the U.S. Supreme Court's concern seems to have remained steadfast despite continual efforts of copyright entrepreneurs to have the Court override the constitutional limitations on Congress copyright power and expand the monopoly by judicial action.

III. SUPREME COURT RULINGS TO PROTECT THE CONSTITUTIONAL COPYRIGHT

There are five notable cases over a century and a half — 1834-1992 — that aid an understanding of the copyright clause. In these cases, the U.S. Supreme Court acted to protect copyright law against the intrusion of natural law urged by copyright holders in an effort to expand the copyright monopoly beyond its constitutional boundaries. The first example was an effort to get judicial recognition of the common law copyright based on natural law in *Wheaton v. Peters*[46] in 1834; the second was to get judicial recognition of a copyright for ideas in *Baker v. Selden*[47] in 1880; the third was to extend the copyright monopoly to the secondary market in *Bobbs-Merrill Co. v. Straus*[48] in 1908; the fourth was to make the individual user liable for copyright infringement in *Universal City Studios v. Sony Corp.*[49] in 1984; and the fifth was to extend copyright to public domain material in *Feist Publishing Co. v. Rural Telephone Co.*[50] in 1991.

In *Wheaton*, the landmark case in American copyright law, the plaintiff copyright holder sought to have the Court create a common law copyright based on natural law, as the booksellers in *Donaldson* had sought to have the House of Lords do. The subject of the copyright was decisions of the Court, for which Wheaton had served as reporter. Richard Peters, his successor, reprinted Wheaton's reports in abridged form, the reason for the lawsuit. Presumably Wheaton relied on the common law copyright because he may not have complied with all the copyright formalities of the statute when he published his reports. Since the formalities were designed to limit the copyright monopoly, the risk was that the Court might hold that failure to comply with any one of them placed the work into the public domain, as in fact it did. For despite the unique subject matter, the Court used the case — presumably because it was the first copyright case to come before the Court in almost forty years of existence — to resolve for the U.S. the "great question of literary property" that the House of Lords had resolved for England in *Donaldson*. The Court rejected Wheaton's plea for a federal common law copyright and held that copyright for

[46] 33 U.S. (8 Pet.) 591 (1834).
[47] 101 U.S. 99 (1880).
[48] 210 U.S. 339 (1908).
[49] 464 U.S. 417 (1984).
[50] 499 U.S. 340 (1991).

published works required strict compliance with all the terms of the statute and remanded for a determination of whether plaintiff had complied with all the formalities. (Ironically, the Court concluded that opinions of the Court were not subject to copyright, although Wheaton's notes were.) The Court's strict construction of the copyright statute suggests an acute awareness of the problems that copyright as an unlimited monopoly would create. Clearly a contrary ruling would have effectively negated the limitations in the copyright clause on the power of Congress to enact copyright legislation. A common law copyright based on natural law has no condition as to originality and no limitations as to term.

In *Baker v. Selden*, the author's heir sued for copyright infringement of a book setting out a new system of bookkeeping that contained forms for the entries. The defendant's book set out a similar system with different forms and presumably in different text. In short, the defendant copied the book by imitation, but not by duplication. This tactic created a problem for plaintiff since at that time copyright infringement consisted of copying a work by duplicating it. (Recall *Stowe v. Thomas* in which defendant was held not to have infringed *Uncle Tom's Cabin* by translating it into German, a copying by imitation, not duplication.) Consequently, the plaintiff claimed that the copyright protected the system of bookkeeping, that is the ideas contained in the book. The Court firmly rejected this claim as being the province of patent law, and the proposition that copyright protects the expression, not the idea, became a fundamental principle of American copyright law, currently codified in section 102(b) of the copyright statute. A contrary ruling would have extended the copyright monopoly so that it would protect the content as well as the form of the work.

Bobbs-Merrill Co. v. Straus presents a more subtle issue. Should the copyright monopoly give the copyright holder the right to control the secondary as well as the primary market for copyrighted works. The case was a test case, an effort to expand the copyright monopoly based on a strict reading of the copyright statute. One of the rights granted to the copyright holder in the relevant statute, the 1870 Revision Act, codified in 1874, was "the sole liberty . . . of vending" the copyrighted work. The lack of a qualifying word for the right to vend apparently gave publishers the idea that they not only had the right to sell a copy of the book, but also to resell it after having sold it the first time. The odds may have been against them, but the potential return was sufficiently large to warrant the risk, and to litigate this issue, the plaintiff publisher stated in the copyright notice that the book could not be sold for less than $1.00 and to do so would be an infringement of the copyright. The defendant retailer, in fact, sold the book for 89 cents and plaintiff publisher sued as wholesaler. The Court rejected plaintiff's claim and established the rule that the copyright

owner's first sale exhausted the right to vend, a rule that was codified without qualification in the 1976 Act, but which has since been amended. A contrary ruling in *Bobbs-Merrill* would have destroyed the distinction between the copyright and the physical object in which the work is embodied, a development that would have violated "the Promotion of Science" requirement of the copyright clause, for it would have given the copyright holder a right that could be used to inhibit learning. Consider the impact on learning of the lack of used bookstores, which, under a contrary ruling, would have been a likely result.

Universal City Studios v. Sony was another test case, this time to get a judicial ruling that an individual who videotaped copyrighted motion pictures off-the-air infringed the copyright. The goal was to establish the basis for a compulsory license similar to the compulsory license for recording musical compositions. The surprising point here is not that plaintiffs lost, but that they almost succeeded. The district court ruled for defendant, the Ninth Circuit Court of Appeals reversed, and the U.S. Supreme Court finally reversed the Court of Appeals by a five to four vote after having first voted, it is said, five to four in favor the plaintiff.

The result of the case is consistent with other Supreme Court holdings in that it prevents the undue expansion of the copyright monopoly, but the reasoning of the Court is not wholly satisfactory. The Court held that an individual who copies copyrighted motion pictures off-the-air for time-shifting purposes makes a fair use of the copyrighted work. The fair use doctrine as a judicial creation, however, was irrelevant to an individual's use of a work for personal purposes. As Eaton Drone made clear in his ninteenth century classic on copyright, fair use was created and developed by courts to enable an author to make use of another author's work in creating a new work:

> It is a recognized principle that every author, compiler, or publisher may make certain uses of a copyrighted work, in the preparation of a rival or other publication. The recognition of this doctrine is essential to the growth of knowledge; as it would obviously be a hindrance to learning if every work were a sealed book to all subsequent authors. The law, therefore, wisely allows a 'fair use' to be made of every copyrighted production; and this liberty is consistent with the true purpose of the law to give to the earlier author adequate protection for the results of his labor.[51]

The Court's dubious reliance on the fair use doctrine, however, should not be allowed to obscure the true import of the ruling: An individual's per-

[51] EATON S. DRONE , A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS 386-87 (1879).

sonal use of a copyrighted work is not an infringement. The effect of a contrary ruling would have been to tie the hands of the individual user who desires to use the work for learning by giving the copyright holder the right to control use of the physical object, for example, the book, in which the work is embodied.

Feist Publishing Co. v. Rural Telephone Service Co. held that copyright could not be used to protect the alphabetical listing of names, addresses and telephone numbers in the white pages of a telephone directory because of the lack of originality, which, the Court emphasized, is a constitutional requirement. As facts, the names and numbers could not be copyrighted, and merely alphabetizing the names did not fulfill the originality requirement. The interesting point here is that in so holding, the Supreme Court overturned some seventy years of lower court precedent to protect the public domain consistent with the policy in the copyright clause. Moreover, the Court held that there is a constitutional right to use uncopyrightable materials in a copyrighted work. This ruling in effect says that the use of copyright as an instrument of private censorship is unconstitutional and thus reaffirms the promotion of learning policy.

The striking point about the above five cases is that despite their continued viability, Congress apparently rejected the teaching of all of them in the Digital Millennium Copyright Act, which effectively revives for the twenty-first century U.S. the characteristics of the stationers' copyright of seventeenth century England. The DMCA creates a natural law monopoly (contrary to *Wheaton*) for data (contrary to *Baker v. Selden* and *Feist*), and provides the entrepreneur with absolute control of access (contrary to *Bobbs-Merrill* and *Sony*). Despite Congress' oversight as to the relevance of these cases, when they are viewed in the context of copyright history, they represent protections against an over broad copyright, which is a threat to a free society, at least to the extent that the freedom depends upon learning.

IV. UNDERSTANDING THE COPYRIGHT CLAUSE

To understand the copyright clause, it is necessary to understand its source, the Statute of Anne. The traditional view — that the English act created an author's copyright — is true as to form, but not substance. It created copyright as a limited statutory grant to which the author was entitled upon certain conditions, but it did not create an author' s copyright. The difference is important, because the perception of copyright as an author's right or a statutory grant determines whether we view it as a proprietary or a regulatory concept.

As a proprietary concept, copyright law becomes a jurisprudential jungle characterized by an undergrowth of contradictory rules that create an obstacle to understanding as surely as real undergrowth constitutes an

obstacle to passage. Thus, if copyright is essentially an author's proprietary right, the Supreme Court decisions discussed above are wrong. The author's property should not be arbitrarily terminated by statute, as in *Wheaton*; should not be limited to expression, as in *Baker v. Selden*; should not be limited to the primary market, as in *Bobbs-Merrill*; should not be subject to taking by individuals, and should not be conditioned upon originality, as in *Feist*.

The problem with treating the statutory copyright as a proprietary right is that it then becomes merely another form of the common law copyright based on natural law. Evidence of this point amounting to proof is copyright protection for electronic signals broadcast over the airwaves in the Act. A broader example of the unrecognized influence of natural law theory in 1976 American copyright law is the change in the concept of the right to copy. Historically, the term "copy" in copyright statutes was used as a word of art in that the right to copy was limited to works of art.[52] In the 1909 Act, Congress used "copy" as a generic term, giving the copyright owner the right "to print, reprint, publish, copy and vend" the copyrighted work, which meant that the right to copy applied to all copyrighted works, books as well as works of art. As applied to books, the additional right was superfluous, as it was necessary to copy a book in order to publish it. Apparently, however, Congress did not recognize this point, and because it did not, almost surely did not appreciate the significance of the change,[53] which was that it expanded the copyright monopoly in enormous — and subtle — ways. As a general rule, prior to 1909, the copyright of a book gave the copyright holder the right to protect the book as it was published, that is to prevent the copying of a book by duplication. Thus, another author could abridge or translate a copyrighted book without infringing the copyright; after 1909, the concept of copyright by imitation developed.[54] This development, of course, made the courts' application of the doctrine that copyright protects the expression, not the idea, much more problem-

[52] The right of the copyright holder to copy a work came into the statute in the 1802 amendment providing copyright protection for prints and engravings, and was limited to works of art until the 1909 Act.

[53] The House Report on the 1909 Act states: "Subsection (a) of section 1 adopts without change the phraseology of section 4952 of the Revised Statutes, and this, with the insertion of the word 'copy,' practically adopts the phraseology of the first copyright act Congress every passed — that of 1790. Many amendments of this were suggested but the committee felt that it was safer to retain without change the old phraseology which has been so often construed by the courts." H. R. REP. NO. 60-2222, at 4 (1909). This is not the language of someone who recognizes the significance of the change.

[54] Judge Learned Hand may be the jurist primarily responsible for this. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 55 (2d Cir. 1936) ("We have often decided that a play may be pirated without using the dialogue.").

atic and difficult. Arguably, the rule against copying by imitation protects the idea.

The tactic was repeated in the 1976 Act in different form and for a different purpose when Congress divided the publication right into two separate rights, the right to reproduce in copies and the right to distribute copies publicly. The 1909 change expanded the copyright holder's control over the content of a work in relation to a competitor; the 1976 change expanded that control in relation to consumers in order to provide a basis for creating a pay-per-use right for publishers. The "copy" examples, of course, reflect the plenary proprietary base of the natural law theory.

The problem with the common law/ natural law copyright is that it is a primitive concept, because it is comprised of rights for the creator to the exclusion of any duties. Elijah Paine's argument in *Wheaton* — "No person can have any rights opposed to the author's." — bears repeating.[55] His argument is confirmed by the American common law copyright for writings that existed before publication, which was a perpetual property right as to which the right of exclusion was absolute. And when the 1976 Act and its amendments are analyzed, it is apparent that Congress is making the limited grant statutory copyright into a de facto natural law copyright. The trend in the U.S. toward the natural law/common law copyright would suggest that its primitive status is a matter of reason, but in fact it is a product of the same human factor that produced the first English natural law copyright, the stationers' copyright, which is the proprietary instinct (sometimes known as human greed). The stationers' copyright, the predecessor to the statutory copyright, can be viewed as a natural law copyright because it existed in perpetuity and, presumably, included the absolute right of exclusion. The Statute of Anne modified that copyright with conditions and limitations and changed the source of copyright. The source of the stationers' copyright was the bookseller's registration of the title of a work; the source of the statutory copyright was the author's creation of a work. The former did not require publication, the latter did.

From a jurisprudential standpoint, the condition of the author's creation proved to be the logical Achilles heel of the statutory copyright. If the condition for copyright is the author's creation of a work, the author should own the work, assuming that reward to the author is the primary motivation for the condition. But in the case of the Statute of Anne, reward to the author was not the motivation. The destruction of the stationers' monopoly of the booktrade was, and reward to the author was merely the means to that end. But while Parliament's goal in passing the Statute of Anne was to destroy the booksellers' monopoly, it was to do so without destroying the booktrade. The solution was to change the basis of the mo-

[55] 33 U.S. (8 Pet.) at 602.

nopoly, a proprietary copyright, into statutory copyright that was in effect a regulatory copyright. Thus, the Statute of Anne defined the purpose of copyright, the condition for copyright, the ownership of copyright, and the term of copyright. The statutory copyright, compared to its primitive predecessor used to control the output of the press and inhibit learning, was a sophisticated concept designed to promote learning. The key to this design, and to copyright's regulatory role, was its provisions to ensure the right of access to copyrighted material while at the same time providing protection for the author (or copyright holder).

In jurisprudential terms, the Statute of Anne was a trade regulation statute; in political terms, it was a compromise that resolved the conflict between the booksellers' desire for a perpetual copyright protected by statute and Parliament's willingness to provide for only a limited term copyright. (The best evidence of the compromise, perhaps, is the continuation of the old perpetual copyrights for a term of twenty-one years; the best evidence of the regulatory purpose is the qui tam action in the price control section that encouraged private citizens to act as public prosecutors.) Because the copyright clause reflects that regulatory compromise that Congress implements through copyright legislation, it will be useful to review the copyright compromise of the Statute of Anne.

A compromise presupposes a conflict, and the conflict in England in 1709 was a conflict between political rights and property rights, the public's political right of access to learning in copyrighted books (after over a century of censorship) and the entrepreneur's property right in the form of the exclusive right to sell books in perpetuity (developed under the censorship regime).[56] In fundamental terms, the problem was the commodification of learning, for whether Philip and Mary realized it or not, the genius of their charter to the stationers in 1556 was that it authorized the stationers to make information and learning a commodity in the form of copyright. By giving publishers title to the commodity, the sovereigns made them willing allies in suppressing — in the language of the charter — "seditious and heretical books . . . against the faith and sound catholic doctrine of Holy Mother church."

It is reasonable to assume that without the policy of censorship, the common law courts would not have been excluded from the copyright arena and the stationers would not have been able to subject books to the

[56] In the Proceedings in the House of Lords on the Question of Literary Property, "Lord Effingham rose last, and begged to urge the liberty of the press, as the strongest argument against this property; adding, that a despotic minister, hearing of a pamphlet which might strike at his measures, may buy the copy, and by printing 20 copies, secure it his own, and by that means the public would be deprived of the most interesting information. XVII COBBETT, *supra* note 43, at 1003.

ownership of publishers in perpetuity and thereby make information and learning merely a commodity for the market. For one thing, the common law courts surely would have controlled the publishers' self-interest in the creation of copyright, as they ultimately did. For another, when one views the stationers' copyright objectively, it exceeded the bounds of reason. The exclusive right to publish a book in perpetuity just because one published it first cannot be justified in terms of logic, except the logic of censorship. Thus when the government's interest in controlling the output of the press ceased, the publishers were unable to justify their perpetual copyright on its own merits, and for some fifteen years they failed in their efforts to secure new legislation to protect their copyrights. They finally succeeded by claiming that they needed a statute in order to protect authors, not themselves. Even with this concession, the booksellers were able to get only a regulatory compromise in the form of the Statute of Anne in 1709, in part, no doubt, because all understood that the booksellers would be the primary beneficiaries of the new legislation. Copyright holders did not pursue the author's copyright to benefit the author, but to benefit themselves as assignees. As Justice Willes (who ruled for the booksellers) explained in *Millar*: "If the copy of the book belonged to the author, there is no doubt but that he might transfer it to the plaintiff [bookseller]. And if the plaintiff, by the transfer, is become the proprietor of the copy, there is as little doubt that the defendant has done him an injury, and violated his right: for which this [common law] action is the proper remedy."[57] The author, however, served not only to justify the statute, but also provided the basis for the copyright compromise to regulate copyright.

While one element of the compromise — the continuation of the old copyright for a period of twenty-one years — favored the monopolists, the other elements favored the public by favoring the author. The ownership of copyright was vested in the author, was available only for printed books, and was reduced to two terms of fourteen years each, the second term being available only to a living author. Thus, the old copyright that belonged to stationers became an author's copyright and left the stationer to own copyright only as assignees; copyright that had come into existence upon registration of the title was now to come into existence only upon publication; and the second copyright term would be available to the bookseller only as the assignee of a living author. Moreover, the statute subjected books to price control. On the other hand, the bookseller (as assignee) retained the exclusive right to publish a book for at least fourteen years, and perhaps twenty-eight.

[57] 4 Burr. 2303, 2312; 98 Eng. Rep. 201, 206.

In general terms, the statutory compromise was intended to minimize the impact of the commodification of information and learning by substituting a limited-statutory-grant copyright for a perpetual-natural-law copyright. Despite the fourteen (or twenty-eight) year monopoly, however, the booksellers found the statute to be unsatisfactory, and when their old copyrights finally expired, they returned to Parliament to seek an extended term for their copyrights. When this failed, they sought the judicial creation of an author's perpetual common law copyright based on the natural law to override the statutory copyright.[58] While the monopolists failed in their use of the author in seeking to override the Statute of Anne, they made the natural law copyright a part of Anglo-American copyright jurisprudence in the form of the common law copyright.[59] The relevance of the common law/natural law copyright today is that it is an obstacle to understanding the copyright clause as empowering Congress to enact a statute to regulate the booktrade, or, in modern terms, the information industry. This is because the vice of the natural law/common law copyright is that it is not limited by conditions for the enjoyment of the right and the statutory copyright is.[60] The dichotomy in theory meant that in practice the U.S. copyright had a dual basis, the natural law for the common law copyright and the copyright clause for statutory copyright. The common law copyright thus provided an equitable basis for urging that the statutory copyright be expanded. And copyright holders used this point to exercise an undue influence on copyright jurisprudence. The most efficient, if not the only, way to mitigate the natural law influence and return copyright to its constitutional limits is to reconstruct its proprietary base.

The goal is to eliminate the dual proprietary base of copyright, a task made easier by the fact that the 1976 Act abolished the common law copy-

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[58] When the old copyrights finally expired after their twenty-one year extension, the booksellers went back to Parliament "in the years 1735, 1738, 1739, for a longer term of years . . . The truth is, the idea of a common-law right in perpetuity was not taken up till after that failure in producing a new statute for an enlargement of the term. If (say the parties concerned) the legislature will not do it for us, we will do it without their assistance; and then we begin to hear of this new doctrine, the common law right, which, upon the whole, I am of opinion, cannot be supported upon any rules or principles of the common law of this kingdom." Argument of Lord Chief Justice De Grey in the House of Lords. XVII COBBETT, *supra* note 43, at 992.

[59] Thus relying on *Millar v. Taylor*, plaintiffs in *Wheaton v. Peters* argued for the author's perpetual common law copyright. That the argument was taken seriously is indicated by the two dissenting opinions. And, of course, the natural law theory of copyright has emerged in this century with a vengeance, for example in the Berne Convention Implementation Act of 1988, and more recently, the Digital Millennium Copyright Act, and the Copyright Term Extension Act.

[60] The copyright clause, U.S. Const., art. I, § 8, cl. 8, proves the point.

right for fixed works. The effect that copyright holders apparently sought with this change was to transfer the common law/natural law philosophy to the statutory copyright. Another perspective, however, is that the abolition of the author's common law copyright means that the copyright clause is the only source for copyright and thus should be reexamined in light of this fact. The change in perspective is justified because if Congress continues down the primrose path of natural law, copyright will become cancerous and strangle the very learning it is supposed to promote.[61]

In reconfiguring the proprietary base, however, it is important to continue to recognize that copyright as private property benefits society in two ways. First, private property is the foundation of a free society and copyright as private property is an important part of that foundation. Second, copyright as private property promotes learning because it is the basis of the free market of ideas. Copyright is a vehicle for disseminating ideas, but properly construed it does not protect the ideas disseminated, which makes an important point. It is copyright as a regulatory, not a proprietary concept that promotes learning by accommodating the political rights of the people in the form of free speech and the property rights of entrepreneurs in the form of copyright.

V. THE COPYRIGHT SOLUTION

The copyright solution for the information age has only one requirement. It must preserve and protect the constitutional policies of copyright. With this goal in mind, it becomes apparent that of the Statute of Anne is the key to the copyright solution because it substituted limited rights of the author for unlimited rights of booksellers, allocated the rights of copyright among different classes, and made consumers the ultimate beneficiaries of copyright.[62] The proprietary base of a concept that allocates rights among different classes of persons cannot be a fee simple property (in the nature of natural law right), for that base must be one that limits the rights of the classes in relation to each other. To treat copyright as an easement solves the problem.

For present purposes, an easement is a right to use something that one does not own except for the easement. The copyright clause provides

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61 The Copyright Term Extension Act, which provides an additional twenty years of protection for existing copyrights, is an example. *See* column by Richard A. Epstein, *Congress' Copyright Giveaway*, WALL ST. J., Dec. 21, 1998, at A19, criticizing the Act: "Congress's political conniving will cost the public billions. It may be unconstitutional to boot." *Id.*

62 "The Constitution does not establish copyrights, but provides that Congress shall have the power to grant such rights if it thinks best. Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given." H.R. REP. NO. 60-2222, at 11 (1909).

examples of such use: a creative use by authors (original writings composed of ideas and language taken from the public domain); a marketing use (the exclusive right that authors assigned to entrepreneurs); and an educational use (by consumers that promotes learning). The easement theory of copyright thus is an explanation, not an innovation. We see this in the copyright clause, which requires Congress to enact a copyright statute that protects the public by providing the exclusive right to authors to publish only their original works only for a limited time, thereby promoting learning and protecting the public domain. We see this also in U.S. Supreme Court decisions. In *Wheaton*, for example, the Court rejected outright the perpetual common law/natural law copyright; in *Baker v. Selden*, the Court treated copyright as an easement for the expression of an idea, not ownership of the ideas expressed; in *Bobbs-Merrill*, the Court's ruling limited the marketing easement to the primary market; in *Sony*, the ruling had the same effect; and in *Feist*, the Court limited the copyright easement to original materials. We also see the easement theory of copyright manifested in the 1976 Copyright Act. Section 106, the grant of exclusive rights, means that there is only one rational definition of copyright: a series of rights to which a given work is subject (for a limited period of time). The rights granted are thus in the nature of an easement on material taken from the public domain, and the easement is a quid pro quo for the author's contribution to learning. The 1976 Act also provides competitors an easement in the form of the fair use doctrine and compulsory licenses, and, arguably, the consumer an easement of use in the form of personal use. Indeed, the conclusion that copyright is a property right in the nature of easements for author, entrepreneur, and consumer is so well founded in both history and reason that the conclusion raises two questions: Why has the easement theory not been acknowledged and accepted? And why is the easement theory important?

The answer to the first question is, of course, the natural law theory of copyright. The essence of easement theory is compromise and the vice of the natural law copyright is that it does not provide room for compromise. If the copyright is the property of the author because he or she created a work, there is no basis for limiting that right. The practical result of the natural law theory is that it tends to make the distinction between the copyright and the work irrelevant. We see the importance of the distinction in the application of the fair use doctrine. Generally, we can say that a competitor will use the copyright, a consumer will use the work. Thus, when a competitor uses the copyright, the defense of fair use may or may not be successful; when the consumer uses the work, fair use is not an issue because this is a personal use.

The ultimate point, perhaps, is that the premise determines the conclusion. Courts that proceed from the premise that copyright is a plenary

property right will give the copyright holder greater protection than if they proceed from the premise that copyright is merely an easement. A prime example is the judicial development of the sweat-of-the-brow doctrine that the U.S. Supreme Court held to be unconstitutional in *Feist Publications v. Rural Telephone Service Co.* And the only explanation for the judicial narrowing of the fair use doctrine contrary to both the copyright clause (the promotion of learning) and statutory language (use for teaching, scholarship and research) is the courts' view that fair use is in fact the taking of another's property.[63]

As to the second point, why the easement theory of copyright is important, the answer is that information and learning are a public good. This perhaps is the most valuable lesson that the history of copyright provides. For information and learning as a public good is the best explanation for the free speech clause in the U.S. Constitution and the free speech protections that the copyright clause provides: The promotion of learning policy negates the use of copyright for censorship; the condition of originality and the limited term protect and promote the public domain; and the exclusive right of publication ensures public access.

We need an appreciation of history to provide the public service perspective of copyright because of the myopia that copyright as a natural law property right with infinite potential for profit induces. History suggests that copyright holders are constitutionally incapable of foregoing an opportunity to use the copyright law to guarantee a profit, rather than protect a property, a tradition that has its origin in sixteenth century England where copyright was early used as a device of governmental censorship with commensurate rewards to copyright claimants for their role in suppressing sedition, heretical, and schismatical material. Thus, the booksellers did not promote the idea of copyright as a common-law right in perpetuity until their efforts to get the copyright term extended by statute failed.[64] To paraphrase the U.S. Supreme Court, the booksellers substituted "inference and argument for the language of" the statute in seeking judicial creation of the perpetual common law copyright for the author.

CONCLUSION

The answer to the question of whether the copyright clause merely authorizes Congress to enact copyright legislation or also determines the limits of that authority is important for the perspective it provides. Copyright law consists of constitutional law, statutory law, judicial law, and pri-

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[63] *See, e.g.*, American Geophysical Union v. Texaco, Inc., 60 F. 3d 913 (2d Cir. 1995).

[64] *See* note 58 *supra*, argument of Lord Chief Justice De Grey in the House of Lords.

vate law. If there are no constitutional limits on Congress' copyright power, the only limits on judicial and private copyright law is the copyright statute, which, of course, is subject to interpretation, a process that experience shows favors the copyright holder because of the proprietary bias of our legal system. The constitutional restraints are necessary to keep the copyright monopoly as a market monopoly directed to competitors, not an absolute monopoly that makes infringers of consumers making a personal use of copyrighted materials.

There is one final point. If history is any guide, the copyright solution will be achieved in the judicial rather than the legislative arena. But a necessary condition for courts to fulfill their role as the protector of copyright is recognition of the fact that the limitations in the copyright clause govern the courts in applying copyright statutes as well as to Congress in enacting them. A copyright statute is not entitled to a presumption of validity and courts must examine its constitutionality de novo. Today's courts, as did the House of Lords in 1774, must avoid the error of accepting the entrepreneurs' substitution "of inference and argument for the language of" the copyright clause and the copyright statute, and recognize their failure to distinguish between the rights that are given to the copyright holder by the copyright law and that they may assert against all the world through an infringement proceeding and rights that they may create for themselves by private contract. The limitations in the copyright clause on Congress' power in making public copyright law for authors and consumers apply with equal force to entrepreneurs in making private copyright law for themselves.

COPYRIGHT LAW AND THE COPYRIGHT SOCIETY OF THE U.S.A., 1950-2000

by E. GABRIEL PERLE*

I. OVERVIEW

Your author has been fortunate to have practiced in the copyright field for the past fifty years. I have been an interested and involved observer of the stunning growth, during those fifty years, of the copyright world and copyright industries, of the technological changes that have impacted and transformed that world and those industries. I have watched the copyright law, in that ever changing context, renew and adapt itself to those changes in order to continue the fostering of creativity and balancing of the frequently conflicting needs and desires of creators, owners and users of copyrighted matter in that changing world. I have watched and participated in the creation and flowering of The Copyright Society of the U.S.A. as the national society dedicated solely to copyright.

The start of the twenty-first century is a time for a reflective look at the copyright world, copyright law and the Copyright Society during those fifty years.

At the midpoint of the twentieth century, copyright law was an arcane subject, practiced by a small, intimate group of lawyers in the United States, almost exclusively in New York City and Los Angeles. New York City was the hub of copyright law practice as the center of the book publishing, music, sound recording, television broadcast, and legitimate stage and even motion picture worlds. Los Angeles was the only other place in which the practice of copyright law was of any real significance, as the center of the motion picture industry to the extent that motion pictures were not, from a business and legal standpoint, controlled from New York. Copyright was primarily concerned with the protection of "literary products."[1] and was of little or no interest to the general practitioner, nor was it of material interest or importance to business or the economy.

The technology affecting copyright property was, in retrospect, primitive. The sole means of reprography was photocopying; the computer was a mysterious and costly new device, used solely by substantial business and research entities; sound recording was performed only in recording studios; the early, just developed sound recording devices available to the public were cumbersome, low fidelity machines which primarily used mag-

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[1] See below for the purposes of The Copyright Society, as set forth in its charter.

netized wire as a recording medium; the only means of copying motion pictures was on film; only the photostat was available for the making of individual copies of all or portions of books or journal articles; approximately six or eight copies of text could be made with carbon paper but only as that text was keystroked on a typewriter; multiple copies of documents could not be made except by keystroking for use by a mimeograph machine or a hectograph process which transferred typed material onto paper in an unforgettable purple/magenta color from a tray filled with Jello-like glop; the Haloid process, which matured into Xerography, was *in utero*; the Thermofax machine, which made copies of print material on treated paper which were referred to as toasties, had just been introduced.

At the midpoint of the twentieth century, copyright was not regarded by most lawyers, law students, and teachers of the law as an important discipline. As far as this writer knows, copyright was not regarded as worthy of a course of its own at any law school other than New York University, where Walter Derenberg had then very recently initiated the seminal copyright law course. In 1950, there was no umbrella organization for the copyright bar, and no periodical publication was devoted to the subject. In New York City, there was an informal organization of the City's perhaps fifty copyright practitioners, known as "The Copyright Circle," which was brought together and administered by the unflagging efforts of Charles B. Seton. Once a month, The Copyright Circle would meet for lunch to exchange copyright information, news and gossip, at an inexpensive restaurant. Normal attendance was fifteen; thirty was a smash maximum.

In 1950, even as today, copyright law practice was coupled with patents and trademarks, albeit through happenstance. Article I, Section 8, Clause 8 of the Constitution gave Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Thus copyright lawyers were wedded by a constitutional shotgun, to patent lawyers, although the two subject matters had nothing in common other than their residence in Article I, Section 8, Clause 8. And trademark law became the third party to a *menage a trois* because of yet another happenstance: the administration of both patent and trademark registration by the U.S. Patent and Trademark Office, despite the fact that patents and trademarks had little in common other than a governmentally sanctioned monopoly and a common language, stemming from the grafting of patent parlance on trademark practice by patent lawyers who practiced trademark law.

Those three disciplines, patents, trademarks and copyrights, came to be collectively known, during that part of the twentieth century, as "intellectual property," a term virtually unknown in 1950. Indeed, the third edition of *Black's Law Dictionary,* the edition on sale in 1950, does not

contain any entry for "intellectual property." And the then current *Webster's New International Dictionary, Second Edition,* defined "intellectual property" as "an aggregate of rights in the results of creative efforts of the mind, as copyright." No mention of patents; no mention of trademarks.

How the world of copyright and the copyright law have changed in those fifty years!

By the year 2000, copyright became a popular, even sexy subject for law school curricula. Intellectual property became the "hot" segment of legal practice, although it is safe to say that very few businessmen or lawyers can define the term "intellectual property." In the law firm world, major and many of the minor law firms are trying to acquire, initiate or grow intellectual property departments, once again without really knowing what intellectual property means or encompasses.

The number of copyright practitioners has multiplied beyond belief, at least to those who remember the copyright bar as a small, intimate group of attorneys.

II. THE COPYRIGHT INDUSTRIES

Most striking of developments over the last half of the twentieth century has been the growth of the economic importance of the copyright industries[2] on the U.S. economy, of which even the most dedicated and informed copyright practitioners are largely unaware. The facts have been assembled for the National Intellectual Property Alliance, an amalgam of the most important copyright-based industry groups, and the facts are startling.

The copyright industries are one of America's largest and fastest growing economic assets. Figures are not available for the mid-century, but they are available for recent years.[3] Some of the most interesting:

- In 1997, the U.S. "core" copyright industries[4] contributed an estimated 4.30% of U.S. gross domestic product — $348.4 billion;

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[2] "Copyright industries," as delineated by the International Intellectual Property Alliance, include movies, TV programs, home video, business and entertainment software, books, music and sound recordings.

[3] All of the figures which follow are from STEVEN E. SIWEK, COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY: THE 1999 REPORT (December 1999), prepared for the International Intellectual Property Alliance.

[4] The "core copyright industries encompass those industries that create copyrighted works as their primary product. These industries include the motion picture industry (television, theatrical and home video), the recording industry (records, tapes and CDs), the music publishing industry, the book, journal and newspaper publishing industry, and the computer software industry (including data processing, business applications and interactive en-

- Between 1977 and 1997, the U.S. copyright industries' share of gross domestic product grew more than twice as fast as the remainder of the economy — 6.3% vs. 2.7%;
- Between 1977 and 1997, employment in the U.S. copyright industries more than doubled to 3.8 million workers — 2.9% of total U.S. employment;
- Between 1977 and 1997, the U.S. copyright industries' employment grew nearly three times as fast as the annual rate of the economy as a whole — 4.8% vs. 1.6%;
- The copyright industries contribute more to the U.S. economy and employ more workers than any single manufacturing sector, including chemicals, industrial equipment, electronics, food processing, textiles and apparel, and aircraft;
- In 1997, the U.S. copyright industries achieved foreign sales and exports of $68.85 billion, again leading all major industry sectors including agriculture, automobiles and auto parts, and the aircraft industry. Foreign sales and exports for 1998 were estimated to be have been $71.0 billion; and
- The total losses to the U.S. copyright industries attributable to piracy globally in 1999 are estimated at between $20 and $22 billion.

The world's wealthiest man, Bill Gates, was able to attain that wealth in major part because of Microsoft's legitimate monopoly of the copyrights in the software which constitute the principal operating systems for the world's computers.

There has been a parallel, explosive growth in The Copyright Society of the U.S.A., but more of that later.

Technology — new hardware and software — has been the driving force behind this explosive growth: The Xerox and other reprographic machines for the copying of text and illustrative materials; the ever-smaller devices for sound recording; the VCR and now the DVD for recording of video programming and copying of off-the-air and off-cable broadcast programming; the computer with all of its implications. Underlying much of this new hardware is the new software, unknown and unanticipated in 1950. Finally, and perhaps most significantly for the future, the new technology has spawned the Internet, with its impact on ownership and control of content and the concomitant demands of those involved with the Internet for access to and freedom to use content the copyright in which is owned by others.

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tertainment software on all platforms), legitimate theater, advertising, and the radio, television and cable broadcasting industries.

III. THE COPYRIGHT SOCIETY OF THE U.S.A.

"Omnium reru principia parva sunt."
The beginnings of all things are small.
Cicero

This was the message from the first President of the Copyright Society which appeared in the first issue of the *Copyright Bulletin*, a prescient message for the publication, for the Society, for the copyright industry generally, and for the importance of copyright practice.

In about 1950, a small group of copyright practitioners and academics interested in copyright sparked the establishment of an organization devoted to copyright. Leading that group were Professor Walter J. Derenberg of NYU Law School, Charles B. Seton, who was the driving force behind the Copyright Circle, Herman Finkelstein, the General Counsel of ASCAP, and Samuel W. Tannenbaum, a New York copyright practitioner.

On May 22, 1953, the Education Department of the University of the State of New York granted a Provisional Charter to The Copyright Society of the U.S.A. as an educational corporation.[5] That Provisional Charter became an Absolute Charter in 1958.

The purposes for which The Copyright Society of the U.S.A. was formed were stated as:

a. To promote research in the field of copyright law and its history, and generally to promote research in the fields of the law and rights relating to literary products;

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[5] The Provisional Charter also stated that "[t]he corporation hereby created shall be a nonstock corporation organized and operated exclusively for educational purposes, and no part of its earnings or net income shall inure to the benefit of any individual, and no officer, member or employee of the corporation shall receive or be entitled to receive any pecuniary profit from the operations thereof, except reasonable compensation for services."

The incorporators are of interest. They were all from New York City and were: Miguel A. Capriles, the Dean of the NYU Law School, Professor Walter J. Derenberg; Herman Finkelstein; Harry Henn, then practicing in the copyright field and one of the first to teach copyright law, at Cornell Law School; Theodore R. Jackson, a private practitioner focusing on music; Sidney M. Kaye, in private practice representing CBS and later the founder of BMI; Theodore R. Kupferman, general counsel of Cinerama Productions and later a New York State Supreme Court Justice; Horace Manges, in private practice and unquestionably the then leading counsel for book publishers; Joseph A. MacDonald, inside counsel for NBC; Edward R. Sargoy, in private practice concentrating on motion pictures; John Shulman, a private practitioner principally in the music field; Paul J. Sherman, representing principally performers and other entertainment clients; Charles B. Seton, representing clients principally in the music field; Samuel Tannenbaum, in private practice; and Philip Wittenberg, whose major clients were authors.

b. To gather and disseminate information concerning literary products and the copyright or other protection thereof;

c. To gather and preserve books, manuscripts, papers, documents, laws and reports relating to library products and copyrights or other protection thereof;

d. To publish and distribute reports of the proceeds of the Society, bulletins, periodicals and other printed material in the field of literary products and the copyright or other protection thereof.

The focus on "literary products" reflected the then prevailing view that literary products were the most significant of subject matter of copyright.

From the outset, The Copyright Society, although headquartered in New York City, the geographic center of the copyright bar, aspired to be national in scope and membership. Thus, of the twenty-seven original Trustees, fifteen were from New York City, three were from Hollywood, two from each of Chicago and the District of Columbia, and one from each of Boston, Cambridge, New Haven, Rochester and Philadelphia. Those twenty-seven also constituted a major portion of the original membership of the Copyright Society, and a significant segment of all U.S. copyright practitioners at the time.

At its beginning, the offices of The Copyright Society were maintained at the New York University Law School, where Walter Derenberg taught and had his offices, both as Professor at the Law School and as Chairman of the Editorial Board of the *Bulletin of the Copyright Society*. Toward the end of the century, those offices moved to the Columbia University Law School and finally to its present offices, independent of any law school.

The principal initial activity of The Copyright Society was the publication of the *Bulletin of the Copyright Society*, the first issue of which bore the date of June 1953.[6] It was, from its inception, the only authoritative publication in the United States devoted exclusively to copyright and has become the publication of record for copyright law, the copyright bar, and the copyright industries.

The name of the publication was changed from *Bulletin* to *Journal* with its twenty-ninth volume, in October of 1981, a name deemed more

[6] I say "bore the date of . . ." because the publication of the *Bulletin/Journal* has *always* been late. In the forty-seven years during which the *Bulletin/Journal* has been published, I am certain that it was never actually published during the month appearing as the cover date.

appropriate to the stature and recognition which the periodical had attained.[7]

There were few meetings of members of The Copyright Society in its early years other than the formal, annual meeting each year required by the By-laws for the election of trustees and officers. There were occasional lunches, at first under the joint aegis of the Copyright Circle and The Copyright Society, later sponsored solely by the Society, at each of which there was a speaker on a timely subject. In April of 1963, the Society sponsored the first annual Jean Geringer Lecture in International Copyright Law, delivered each year thereafter. In 1970, Professor Melvin B. Nimmer delivered the first Donald C. Brace Memorial Lecture, a lecture which has been delivered each year thereafter by a prominent copyright scholar or practitioner, who was frequently both.

In 1977, with some fear that the copyright bar would not support a several day meeting at a resort venue, the first Annual Meeting of the Copyright Society was held at the Concord, a hotel in the Catskills. About forty people attended the two and one-half day meeting, and it was an unqualified success. The Annual Meeting is now an ever more popular institution, and at the last, twenty-fourth Annual Meeting at the Sagamore Resort on Lake George, there were approximately 375 attendees from throughout the United States, with some foreign representation.

Several years ago, the Society instituted an annual Mid-Winter Meeting, held each year in a different part of the United States and which will be held in London during 2001. The Mid-Winter Meeting, like the Annual Meeting, has been an ever more popular and successful event, with more than 290 registrants in early 2000 at the Silverado Resort in Napa Valley, California.

From the few, primarily New York and L. A., members the Society enjoyed at its inception, it has grown to be a national organization with some 1100 members and nine separate chapters throughout the United States.[8] The Copyright Society of the United States has indeed come of age at the start of the new Millennium.

IV. REFLECTIONS ON COPYRIGHT LAW, 1950-2000

Copyright Law has, from its beginnings in the United States, been elastic and viable, capable of growing and adapting in order to meet the

[7] The *Bulletin* was edited from its first issue in 1953 by Professor Derenberg, as Chairman of the Editorial Board. After his death in 1975, the editorial torch was passed to Alan Latman. Thereafter, it was successively edited by Alan J. Hartnick, William V. Patry and now by Professor Joseph J. Beard.

[8] There are Chapters in the Southeast, Northern California, New England, the District of Columbia, Philadelphia, New York, the Southwest, the Midwest and Denver.

needs and realities of the change, expansion, growth, complexity and importance of copyright and the copyright industries in the United States, even as it has done from the date of the enactment of the first copyright law in 1790. That first Copyright Act granted protection only to published maps, charts and books.

While it not possible to review here all of the significant copyright events of the past fifty years, some are, it seems to this author, of paramount importance and significance:

- The 1976 Copyright Law revision;
- The express copyright protection of computer software in the wake of CONTU;
- The emergence of the fair use defense to accommodate technological change;
- The abandonment of "sweat of the brow" as a basis for copyright protection; and
- The entry of the United States into the copyright and intellectual property law worlds.

A. The 1976 Copyright Law Revision

There were general revisions of the United States Copyright Law at approximately forty-year intervals, in 1831, 1870, and 1909. Efforts to revise the 1909 Act began in 1955, culminating in the Copyright Law Revision Act of 1976, which became effective on January 1, 1978. The revision was a giant step toward harmonizing the U.S. copyright law with the copyright laws of the rest of the developed world, curing the major anomalies of the 1909 Act, and in a very real sense providing a framework for the explosive expansion of copyright during the rest of the twentieth century.

I set forth below six of what I regard as the most important changes effected by the 1976 Copyright Law Revision Act. They are set forth perhaps in too prolix a manner, but I do so for the sake of the younger members of the copyright community who may read this article and who have been spared the deficiencies, technical requirements and unfortunate shortcomings of prior law, which were cured by that Revision.

1. A Single Federal System of Protection

Until the beginning of 1978, the United States, uniquely in the world, had a dual system of copyright protection: common law protection for unpublished works, and statutory protection which could be obtained only upon publication. This anomalous and archaic dichotomy was replaced by a single system of protection, where original creation and fixation in a tangible medium of expression rather than the act of publication triggered statutory protection.

2. The Granting of Protection to All "Original Works of Authorship"

Taking its clue from the language of Article I, Section 8, Clause 8 of the Constitution, under prior law copyright protection was accorded only to "writings." The 1976 revision eliminated the need for constant and sometimes tortured interpretation of "writings" to protect such non-writings as photographs, motion pictures, sound recordings, radio and television programming, software programs for information storage and retrieval devices and computer databases. This single change gave the copyright law the elasticity to stretch copyright protection to new forms of creative expression which never before existed, fruits of the new technologies.

3. Fixation as the Trigger for Copyright Protection

Under prior law, publication was the act which triggered copyright protection. The 1976 Revision substituted fixation "in any tangible medium of expression now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." This avoided the artificial and largely unjustifiable distinctions under which statutory copyrightability in certain cases was made to depend upon the form or medium in which the work was fixed. It enabled copyright to extend, without cavil, to much of that which constitutes the memorialization of the expressions of the new technologies.

4. The Adoption of a Single Term of Copyright Protection, Based Upon the Life of the Author Plus a Term of Years

The United States, uniquely in the world, had a two-term structure for copyright protection under the 1909 Act: an original term of twenty-eight years from the date of first publication, and a renewal term of an additional twenty-eight years, provided that the copyright proprietor actually renewed the copyright in a timely manner. This was burdensome, expensive, highly technical, resulted in incalculable amounts of unproductive work, and frequently caused inadvertent and unjust loss of copyright protection.

This was cured by granting protection for the life of the author plus a term of years (or, in certain cases, a fixed term of years from the creation or publication). Life for authors, copyright owners and copyright lawyers became simpler and more predictable.

Further, the single term of copyright protection, based upon the life of the author plus a term of years, brought the United States into harmony with the term of protection granted by most of the literate world and

helped to permit the United States to join the worldwide copyright community.

5. The Liberalization of Copyright Notice Requirements

Under the 1909 Act, statutory copyright protection was predicated upon publication, provided that there was, with that publication, the requisite statutory copyright notice. Failure technically and fastidiously to comply with the statutory notice requirement was "divestive publication," with the Draconian result of a forfeiture of copyright. Inadvertent errors and omissions could not be corrected. This unfair and punitive situation was, at least in some measure, cured or mollified by the 1976 revision. It was not until the United States sought to comply with the absence of formalities requirements of the Berne Convention that there was a real cure, but at least the disease was recognized and medication supplied to ease most severe symptoms.

6. Separate Ownership of the Various Rights Comprised by Copyright

Until the 1976 Act, copyright was indivisible, a single bundle of rights and only the owner of that entire bundle could enforce any of the exclusive rights of a copyright proprietor. An exclusive licensee could not enforce its rights. This resulted in a whole skein of artificial devices to place an exclusive licensee in the shoes of the owner, at least for a period of time. This provided income for copyright practitioners but often wreaked havoc with the rights of copyright owners and exclusive licensees.

In this context, then, the 1976 revision replaced historical happenstance with reality and copyright sanity. It enabled the owner of any of the exclusive rights under copyright to institute action to enforce and prevent infringement of that owner's rights.

B. Express Statutory Protection for Software

Congress, in preparing the general copyright revision, did not know what to do about protection of computer software and databases. So it did a classic cop-out. It created a commission to study the question and named it the National Commission on New Technological Uses of Copyright Works, known by the acronym CONTU.

CONTU was created to provide the President and Congress with recommendations concerning those changes in copyright law needed both to assure public access to copyrighted works used in conjunction with computer and machine duplication systems and at the same time to respect the rights of the owners of copyright in such works, while considering the concerns of the general public and the consumer.

CONTU, after three years of hearings and study, recommended, in its 1978 Report, that the law be amended to make it explicit that computer programs, to the extent that they embody an author's original creation, are proper subject matter of and protectable by copyright and to ensure that rightful possessors of copies of computer programs may use or adapt these copies for their use. Congress adopted these recommendations by a 1980 amendment to the Copyright Law and it became beyond question that computer software can enjoy copyright protection. It is this protection which has stimulated the creation of the programs which are the very foundations of the computer world and cyberspace. And, not incidentally, also formed the foundations for the creation of new industries, new world-wide communication, and unimaginable new wealth.

C. *Fair Use as a Defense to Copyright Infringement and Accommodation for Change*

When authors and editors sought to use quotations from and portions of the copyrighted works of others fifty years ago, they often sought a formula for the number of words from, or the proportion of, the original work that could be copied. There was, however, no such formula; there was only fair use. Fair use was and is a judicially developed concept, an equitable rule of reason that balances the public's need to know and be informed against the inducements to create that underlie and are the basis for copyright. Fair use is a defense against a charge of copyright infringement.

The 1976 Copyright Law Revision attempted to codify fair use and achieve that balance by enacting Section 107 of the Copyright Law. Section 107 set forth the four factors, which, among others, would help a court to decide whether or not a given use was a fair use or an infringement.

Prior to 1973, it is safe to say that all copyright lawyers would advise their clients that the use, without permission, of an *entire* work would not be fair use. In the late 1950's, for example, *LIFE Magazine* reprinted, as part of an illustrated article on outdoor billboard advertising, a four-line Ogden Nash poem, originally published in *The New Yorker,* which reads, to the best of my recollection:

> I think that I shall never see
> A billboard lovely as a tree.
> And yet, unless the billboards fall,
> I'll never see a tree at all.[9]

[9] The poem was reprinted without consultation with *LIFE's* editorial counsel. Had that counsel been consulted, and the author would have been that counsel, he would have said that permission had to be obtained because it was reproduction of the *entire* work. Significantly, that same counsel, the

A complaint from the copyright owner was promptly forthcoming, as was a published apology for the unauthorized use.

In 1973, the Court of Claims held that the photocopying of entire journal articles by the National Institute of Health, a governmental agency, was fair use.[10] The copyright bar all but unanimously deemed this to be gross error. The consequent appeal to the Supreme Court was argued by Alan Latman, whose credentials in copyright were and still are beyond question, for plaintiff Williams & Wilkins. During that argument, Justice Hugo Black leaned forward and asked Alan whether the copying by his, Justice Black's, law clerk of an entire, copyrighted law review article in preparation for the hearing of that case, would constitute a copyright infringement. Alan, who had carefully rehearsed his answers to every question he and his coterie of supporters thought the Court could ask, responded that it would indeed constitute a copyright infringement as the copying of an entire copyrighted work. Justice Black raised his eyebrows, but didn't comment. Of course today, the question would not be asked and, if asked, the response would be that such copying would of course be fair use.

An equally divided Supreme Court, with one justice abstaining, affirmed the Court of Claims,[11] thereby shaking the very foundations of the copyright edifice as it then existed.

Then, in 1984, the Supreme Court held that making of an off-the-air video copy of an entire motion picture for time-shifting, home use was fair use.[12] That was, in the view of this author, a reflection of the willingness of the Supreme Court to adapt the Copyright Law to the realities of changing technology and means of communication and the public's needs or desires, coupled with unwillingness to destroy an entire new industry, in that case the new video recording industry.

Today, it seems clear that any copying of all or substantially all of an entire work, for home use, not for profit, and not in a systematic, repetitive manner is fair use. The later cases make it abundantly clear that systematic, commercial copying cannot be blessed as fair use. The Supreme Court had thus balanced previously conventional and accepted copyright doctrine against a more permissive and, in today's world, more realistic view of the scope of fair use applicable to the utilization of new technology to accomplish a previously proscribed purpose and result. It is certain that the courts or the Congress, or both, will be called upon to continue this sort of balancing act as the pressures increase for blessing of access to, and

author, today includes in this article that poem in its entirety, without permission of the copyright owner, certain that it is indeed fair use.

10 Williams & Wilkins v. United States, 487 F.2d 1345 (Ct. Cl. 1973).

11 420 U.S. 376 (1975).

12 Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

copying and communicating propriety information without permission of copyright owners.

This willingness of courts to expand the fair use doctrine to meet needs arising out of new technology has also been fostered by the introduction into fair use the question of whether the use is "transformative" or "productive." This finds its genesis in two seminal law review articles by then District Court Judge Pierre Leval and by some of his opinions in the fair use arena, various of which have been the subject of reversals, dissents and concurrences by the Second Circuit.

Section 107 of the Copyright Law sets forth four factors as among, and by implication the most important (and to some courts and attorneys the only) factors to be considered in determining whether the use made in any given case is a fair use.[13]

Judge Pierre Leval, in two seminal law review articles[14] and in his opinions, various of which have been the subject of reversals, dissents and concurrences, by the Second Circuit,[15] has added a fifth factor: Whether the use is *transformative* or *productive* has now become the fifth factor and, in the view of many copyright scholars and practitioners, the most important factor. Whether a given use is transformative will be an ever more important consideration in the determination of whether a given use in cyberspace and the Internet is a fair use or an infringement, particularly in reconciling the tensions between exercise of control by the copyright owner and the demand for access and copying by suppliers and users of content on the Internet. We can be certain that those tensions will only increase in the foreseeable future.

D. Wiping Off the Sweat of the Brow

Of the many other changes in the law during the period we are considering, the final which this author deems to be of paramount importance

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[13] The four factors in § 107 are:

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(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 for or value of the copyrighted work.

[14] Pierre Leval, *Fair Use or Foul, the Nineteenth Donald C. Brace Memorial Lecture,* 36. J. COPR. SOC'Y 168 (1989) and Pierre Leval, *Towards a Fair Use Standard,* 103 HARV. L. REV. 1105 (1990).

[15] Judge Leval said, in his Brace Lecture, "It has been exhilarating to find myself present at the cutting edge of the law, even though in the role of the salami."

to today's copyright world is the wiping off of the "sweat of the brow" concept off the copyright law blackboard.

Copyright protects the original expression of the author. It does not protect facts. Yet, for years, courts paid homage to "sweat of the brow" or "industrious collecting." Courts granted protection to that which was produced by the labor of the author because it somehow implicitly seemed unfair or immoral to allow someone to merely appropriate, use without the permission of or compensation from the copyright owner and thus benefit from the fruits of someone else's labor.[16]

The Supreme Court laid "sweat of the brow" and "industrious collecting" theories to rest in *Feist Publications, Inc. v. Rural Telephone Service Co.*[17] The Court there held that a compiler can protect, not the facts compiled, but only the particular selection, coordination and arrangement of those facts, provided that those elements are sufficient to satisfy the requirement of at least that minimum of originality and creativity required for authorship.

Feist appears in this context because it will be of increasing future importance in cases involving the protection to be accorded to copying of huge collections of facts and data which are and will be freely available through the Internet.

E. The United States Joins the Copyright World

For most of its history, the United States was insular in its regard for international, multilateral protection of the works of U.S. authors in foreign countries and protection of the work of foreign authors in the United States. The U.S., rigidly wedded to the pre-requisite formalities of copyright notice and registration, both anathema to most of the rest of the world, found it difficult or impossible to be part of the international copyright world except through a rather haphazard collection of unilateral copyright treaties.

During the period from 1950 to 2000, however, the United States sought valiantly, and in large measure successfully, to join the rest of the world in a copyright context.

The United States had become a signatory to the Mexico City Convention in 1902 and to the Buenos Aires Convention of 1910, which resulted in the national treatment for copyright protection of copyright obtained in one American State in all other signatory States, without any formality other than a statement in the work indicating a reservation of

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[16] *See*, for example, Hutchinson Tel. Co. v. Frontier Directory Co. of Minnesota., Inc., 770 F.2d 128 (8th Cir. 1985); National Bus. Lists v. Dun & Bradstreet, Inc., 552 F. Supp. 89 (N.D. Ill. 1982); Jewelers Circular Publ'g v. Keystone Publ'g Co., 281 F. 83 (2d Cir. 1922).

[17] 499 U.S. 340 (1981).

the property right. In the real world, though, these Latin American conventions were of little real significance

In 1954, the United States adhered to the Universal Copyright Convention. With that accession, the work of authors in the United States and in those foreign countries which are signatories to the U. C. C., or which are first published in any of those countries, were granted reciprocal, national treatment, provided that the necessary formality of a prescribed copyright notice appeared with the publication of that work. This was a fine first step, but the important copyright world outside the United States belonged to the Berne Convention for the Protection of Literary and Artistic Works, which had a higher standard of protection for authors, and which proscribed any formalities or registration as prerequisite to protection.

As international trade considerations and the value of exported U.S. copyright product became more important, copyright piracy and the theft of other intellectual property became more significant. The United States, elevating copyright and intellectual property to the importance it merits in our shrinking world, sought international protection of United States' copyrighted works under the high level of the Berne Union, a convention to which the United States was not a signatory. In response, pirate countries, particularly those in the third world, were heard to say that there was no reason for them to protect U.S. works, under Berne or any other convention, as long as the U.S. refused to protect the works of their citizens under the higher standards of Berne. The explosion of technology and information, easy and remote access to copyrighted works and above all the piracy of works of U. S. authorship (books, motion pictures, videocassettes, musical recordings, computer software) heightened pressure on the U.S. to join Berne, the senior and most important of the multilateral copyright conventions and the convention requiring of its members the highest level of protection.

There were two principal stumbling blocks which had to be overcome in order for the United States to be eligible for Berne membership. First, Berne required that all signatories protect the moral rights of authors, and particularly the rights of paternity and integrity. The U.S. traditionally maintained that it did not protect moral rights. A rather tortured interpretation of existing U.S. law regarding enforcement of moral rights overcame this first hurdle.

Second, Berne outlawed formalities, and the U.S. traditionally and rigidly required both copyright notice and registration as prerequisite to copyright protection. This was solved by the Berne Convention Implementation Act of 1988, which abolished mandatory notice while providing continued inducements for the copyright owner to publish with notice. The registration requirement, a more difficult question, was resolved by a

two-tier system whereby registration as a prerequisite to suit was abolished for Berne Convention works and maintained for works of U.S. authors and works first published in the United States. Thus, the U.S. became a member of Berne and took a significant step towards membership in the world's intellectual property community, a membership which will be of ever increasing significance as the World continues to shrink and the technology shrinking the world continues to explode.

Pressures on Congress and the executive branch towards the latter part of the last century gave rise to other federal legislation which affects our international relations, again in large measure stimulated by the revolution in technology and communications, the increasing importance of copyright product to the United States' economy and foreign trade, and the spread of significant piracy of copyrighted material, particularly in the Third World.

Who could have believed, in 1950, that enforcement of the intellectual property rights, including copyright, of United States citizens and businesses would become a foundation stone of U.S. foreign policy? Yet it so became.

Ineffective protection of intellectual property could be made an unfair trade practice under Section 301 of the U.S. Trade Law in 1984. Amendments to Section 301 in 1989 made the status of global intellectual property protection an annual exercise in what is known as "Special 301." Threats of trade retaliation became a potent weapon in the United States' arsenal of economic weapons. Enforcement of U.S. intellectual property rights became prerequisite to a foreign country's ability to enjoy most favored nation status.

NAFTA required that the member nations extend protection of copyrighted works and other protection to copyright owners. The Uruguay Round Agreements Act , revising the General Agreement on Tariffs and Trade was made possible by the protocol known as the "Trade Related Aspects of Intellectual Property, Including Trade in Counterfeit Goods" or "TRIPs"comprised of seventy-three articles covering a variety of subject matter, including protection of copyright, enforcement mechanisms, adoption of anti-piracy measures, and provision for dispute prevention and resolution.

The Digital Millennium Copyright Act in 1998 implemented the World Intellectual Property Organization's ("WIPO's") Copyright Treaty. That treaty provides, among other things, that databases constituting intellectual creations must be protected by the contracting nations; affords authors the exclusive right to authorize the making of their works available to the public as a new right of distribution in the digital age; accords to authors of computer programs, motion pictures and musical works embodied in sound recordings the exclusive right to authorize the commercial

rental of their works; grants to authors the exclusive right to authorize communications to the public of their works by wire or wireless means; and requires member nations to protect anti-copying technology and management information embedded in the work. Consequently, the United States deposited its instruments of accession to the WIPO Copyright Treaty and to its sister WIPO Performances and Phonograms Treaty in September of 1999.

V. THE OUTLOOK

It would not be appropriate for this backward glance at copyright and The Copyright Society of the U.S.A. to include the author's view of the shape of Copyright Law in the future. But the author would be remiss if he did not wave a warning flag.

Technology and means of communication and access to information is colliding with traditional intellectual property law mechanisms, including copyright. As a result there will be radical shifts in thinking on how copyrightable subject matter should be controlled and protected on national and global bases, how lawful access to that subject matter should be made available, how creators should be compensated and how creativity can continue to be fostered in a digital world.

These will be the overarching problems and meeting them will be the overarching challenges for the copyright bar in the coming years.