

University of Miami Law Review

Volume 68
Number 2 *Volume 68 Number 2 (Winter 2014)*
SYMPOSIUM: Social Media and the Law

Article 5

1-1-2014

Our Copyright Code: Continue Patching or Start Rewriting?

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Recommended Citation

Honorable Edward J. Damich, *Our Copyright Code: Continue Patching or Start Rewriting?*, 68 U. Miami L. Rev. 361 (2014)

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ARTICLES

Our Copyright Code: Continue Patching or Start Rewriting?

EDWARD J. DAMICH*

This article is loosely based on a presentation that I gave in February 2013 at a symposium sponsored by the University of Miami Law Review.

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I. INTRODUCTION

The Copyright Act of 1976¹ was a marvelous achievement. It clarified, redesigned, and updated copyright law and brought it into the era of the photocopier, the tape recorder, and cable TV. Over twenty years in the making, the Copyright Act’s singular misfortune was the timing of its completion, which came on the threshold of the digital world, necessitating rather continuous patching to cope with evolving technology.

Shortly after the Copyright Act’s enactment, the first major “patch” added the definition of “computer program” and § 117 to allow purchas-

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1. Pub. L. No. 94-553, 90 Stat. 2541–98 (codified as amended in scattered sections of 17 U.S.C.).

ers of computer programs to actually use them.² (No, I am not kidding.) The Commission on New Technological Uses (“CONTU”) had recommended such a provision because it reasoned that the purchaser, in loading his or her program, was making an unauthorized copy.³ The need to enact § 117 was the first hint that the law’s continued focus on the act of copying would cause problems in the digital age.

The appearance of digital audio tape recorders prompted the second major patch to the Copyright Act: the Audio Home Recording Act of 1992.⁴ Although this technology became obsolete almost from the moment of its enactment, this Act is noteworthy because: (1) for the first time, the Copyright Act required a technological protection measure to prevent the proliferation of copies, and (2) the beneficiaries of the statutory license created by the Act included performers.⁵

The third major patch was the Digital Performance Right in Sound Recordings Act of 1995 (“DPRSR”).⁶ The advent of streaming and downloading of music from the Internet created new problems for copyright law, and it also provided an opportunity to expand the scope of the public performance right for sound recordings. As a result, Congress enacted the DPRSR, which is characterized by daunting complexity and almost impenetrable language.

To cope with the phenomenon of the Internet more comprehensively, Congress passed the fourth major patch to the Copyright Act: the Digital Millennium Copyright Act (“DMCA”).⁷ By 1995, the potential of the Internet had become increasingly more realized. Enacted in the context of ratification of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty,⁸ the DMCA is noteworthy because: (1) it effectively limited the secondary liability of Internet service pro-

2. 17 U.S.C. § 117 (2012) (giving “the owner of a copy of a computer program” the right to make “another copy or adaptation of that computer program . . . as an essential step in the utilization of the computer program in conjunction with a machine . . .”).

3. “The new copyright law should be amended . . . to ensure that rightful possessors of copies of computer programs may use or adapt these copies for their use.” U.S. NAT’L COMM’N ON NEW TECHNOLOGICAL USES OF COPYRIGHTED WORKS, FINAL REPORT I (1978). “The 1976 Act, without change, makes it clear that the placement of any copyrighted work into a computer is the preparation of a copy and, therefore, a potential infringement of copyright.” *Id.* at 12.

4. Pub. L. No. 102-563, 106 Stat. 4237 (codified as amended in 17 U.S.C. §§ 1001–1010 (2012)).

5. 17 U.S.C. §§ 1002, 1006.

6. Pub. L. No. 104-39, 109 Stat. 336 (1995) (current version at 17 U.S.C. §§ 106(6), 114(d)–(j) (2012)).

7. Pub. L. No. 105-304, 112 Stat. 2860 (codified as amended in scattered sections of 17 U.S.C.). See generally U.S. COPYRIGHT OFFICE, THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998: U.S. COPYRIGHT OFFICE SUMMARY (1998), available at <http://www.copyright.gov/legislation/dmca.pdf>.

8. See U.S. COPYRIGHT OFFICE, *supra* note 7, at 2.

viders (“ISPs”) in their core services;⁹ (2) it prohibited the circumvention of “technological measure[s] that . . . control[] access to” copyrighted works;¹⁰ and (3) it outlawed the providing of means to circumvent technological protection measures that controlled access and the exercise of copyright rights.¹¹

The fifth major patch failed. The Stop Online Piracy Act (“SOPA”)¹² and the Protect IP Act (“PIPA”)¹³ were primarily designed to create a mechanism to shut down rogue foreign websites, but they also would have extended secondary liability to Internet pay systems.¹⁴

Just the mere number of these patches suggests that a major overhaul of the Copyright Act is due. Indeed, Register of Copyrights Maria Pallante, in a speech at Columbia University¹⁵ and in testimony before Congress,¹⁶ has added her comprehensive examination and in-depth analysis to the call for reform.

My goal here is a lot more modest. I would like to provoke discussion on the need for revision of the Copyright Act by highlighting issues raised by some recent cases involving digital technology and by identifying some lingering problems with our copyright system: namely fair use, orphan works, and the status of the Copyright Office.

One major issue that emerges from these cases is the anachronism of a copy-focused protection of authors’ rights. Such a focus, coupled in some cases with a narrow interpretation of statutory language divorced from the larger, practical context of the cases, has produced results that I believe have perverted the purposes of the Copyright Act.

Apart from recent cases, I believe that it is possible to identify fair use, orphan works, and the status of the Copyright Office as lingering problems. Fair use is unpredictable in almost any context and it is particularly difficult to accommodate in the digital world.¹⁷ The difficulty of

9. 17 U.S.C. § 512(a)–(d) (2012). The core services are “(a) transitory digital network communications” (e.g., email); “(b) system caching”; “(c) information residing on systems or networks at direction of users” (e.g., website hosting); and “(d) information location tools” (e.g., hyperlinks). *Id.*

10. 17 U.S.C. § 1201(a)(1)(A) (2012).

11. § 1201(a)(2), (b).

12. H.R. 3261, 112th Cong. (2011).

13. S. 968, 112th Cong. (2011).

14. Jared Newman, *SOPA and PIPA: Just the Facts*, PCWORLD (Jan. 17, 2012, 6:00 PM), http://www.pcworld.com/article/248298/sopa_and_pipa_just_the_facts.html.

15. See generally Maria A. Pallante, *The Next Great Copyright Act*, 36 COLUM. J.L. & ARTS 315 (2013).

16. *The Register’s Call for Updates to U.S. Copyright Law: Hearing Before the Subcomm. on Courts, Intellectual Prop., & the Internet of the H. Comm. on the Judiciary*, 113th Cong. 6–8 (2013) (statement of Maria A. Pallante, Register of Copyrights of the United States).

17. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 475 (1984) (Blackmun, J., dissenting) (“The doctrine of fair use has been called, with some justification, ‘the most

determining the term and owner of a copyrighted work has increased after U.S. adherence to the Berne Convention in 1989.¹⁸ Finally, although the Copyright Office is clearly functioning as an executive agency, it is still part of the legislative branch.¹⁹

The rest of the article is an elaboration on these themes. I welcome debate on whether these are problems, what the solutions would be, and whether they should be addressed legislatively.

II. DOES THE “CLOUD” HAVE A SILVER LINING?

The advent of remote storage demonstrates the difficulties caused by copy-focused protection. The *Cablevision* case is illustrative.²⁰

Digital Video Recorders (“DVRs”) are becoming a staple of American homes.²¹ Cablevision offered to its cable TV customers a DVR in the cloud, calling it a “Remote Storage” DVR.²² Using their cable boxes, customers could order copies of TV programs and movies to be saved on Cablevision’s server for playback at a future time.²³ To provide this service, Cablevision had to momentarily record all of the programming that it received for further transmission and route the movies and TV programs that customers had designated for recording to more permanent storage on Cablevision’s hard drives.²⁴

The copyright owners of the programs that were saved—whether momentarily or for longer periods of time—sued Cablevision for *direct* copyright infringement.²⁵ That is, the lawsuit focused on Cablevision’s

troublesome in the whole law of copyright.’” (quoting *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939))).

18. Although the Copyright Act of 1976 provided for a basic term of the life of the author plus fifty years, a term of at least that length—and based on the life of the author—became mandatory with U.S. ratification of the Berne Convention in 1989. Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (codified as amended in scattered sections of 17 U.S.C.). Article Seven of the Berne Convention requires that “the term of protection . . . shall be the life of the author and fifty years after his death.” Berne Convention for the Protection of Literary and Artistic Works, *revised at Paris*, July 24, 1971, *amended* Sept. 28, 1979, 25 U.S.T. 1341, 1161 U.N.T.S. 30 (entered into force July 10, 1974). See Carol A. Motyka, *Effects of U.S. Adherence to the Berne Convention*, 16 RUTGERS COMPUTER & TECH. L.J. 195, 195 (1990).

19. The Copyright Office is part of the Library of Congress and is funded through the appropriation for the Library. See, e.g., U.S. LIBRARY OF CONGRESS, LIBRARY OF CONGRESS FISCAL 2014 BUDGET JUSTIFICATION 89 (2013), available at <http://www.loc.gov/about/reports/budget/fy2014.pdf>.

20. *Cartoon Network LP v. CSC Holdings, Inc. (Cablevision)*, 536 F.3d 121 (2d Cir. 2008).

21. See Bill Carter & Brian Stelter, *DVR and Streaming Prompt a Shift in the Top-Rated TV Shows*, N.Y. TIMES, Mar. 5, 2012, at B1 (reporting that, as of 2012, forty-three percent of American households with televisions also have DVRs).

22. *Cablevision*, 536 F.3d at 124.

23. *Id.*

24. *Id.* at 124–25.

25. *Id.* at 124.

acts rather than Cablevision's facilitation of others' infringement of the plaintiffs' rights. The copyright owners also sued Cablevision for direct infringement of public performance rights when customers watched their saved programs.²⁶ Cablevision waived any defense based on fair use.²⁷

The case worked its way up to the United States Court of Appeals for the Second Circuit, which held that Cablevision did not infringe the right to copy when it momentarily copied the programs it received²⁸ and—astonishingly—that Cablevision also did not infringe the plaintiffs' rights when it saved copies of the programs on its servers at the request of its customers for playback at a future time.²⁹ The Second Circuit also held that Cablevision had not infringed the public performance rights of the copyright owners.³⁰

A. *Momentary Copying*

In holding that Cablevision's momentary copying was not an infringement, the court based its reasoning on the definition of "copies" and "fixation." The court found that infringement of the author's right "to reproduce the copyrighted work in copies" requires the making of copies as defined in the Copyright Act.³¹ According to that definition, copies must be fixed such that the work embodied in the copies can "be perceived, reproduced, or otherwise communicated."³² A copy of a work is "'fixed' . . . when its embodiment [in a copy] is sufficiently permanent or stable to permit it to be [perceived,] reproduced[,] [or otherwise communicated] for a period of more than transitory duration."³³ The court concluded that the 0.1 to 1.2 seconds that the data stream containing the copyrighted material lasted in Cablevision's buffers were not more than a transitory duration; therefore, Cablevision was not making any copies when it momentarily reproduced the copyrighted material in the data stream.³⁴ This conclusion is contrary to the Copyright Office's view—expressed in its 2001 Report on the DMCA—that reproduction for a time sufficient for further reproduction or for perception or further communication is embodiment for more than transitory duration.³⁵ It

26. *Id.*

27. *Id.*

28. *Id.* at 130.

29. *Id.* at 133.

30. *Id.* at 139.

31. 17 U.S.C. § 106(1) (2012).

32. *Cablevision*, 536 F.3d at 127.

33. *Id.* (citing 17 U.S.C. § 101 (2012) (emphasis and omission in original)).

34. *Id.* at 124, 129–30.

35. See U.S. COPYRIGHT OFFICE, DMCA SECTION 104 REPORT 111–12 (2001) available at <http://www.copyright.gov/reports/studies/dmca/sec-104-report-vol-1.pdf>. But see *Cablevision*, 536 F.3d at 129 (determining that the Copyright Office's definition of "fixed" "deserves only

would seem that the Copyright Office's view leads to the conclusion that, because the momentary reproduction of the data stream was sufficient for further reproduction and communication (to Cablevision's hard drives), Cablevision was making an unauthorized copy of the work.

B. Storage

The movies and TV programs resident on Cablevision's hard drives for playback at a customer's command would seem to be infringing copies. There is no issue of transitory duration here. But the Second Circuit held otherwise, basing its decision on an inquiry as to who made the copies.³⁶ The court decided that volitional conduct was necessary for a copy to be made (despite the fact that copyright infringement does not require intent) and found that the customer, not Cablevision, made the copy.³⁷ The court derived the volitional conduct element from the *Netcom* case and, by analogy, to establishments that provide photocopy machines.³⁸ The district court had explored the photocopy machine analogy and had noted that Cablevision was supplying the material as well as the means of copying.³⁹ The Second Circuit admitted that Cablevision's conduct was "more proximate to the creation of illegal copying than . . . opening a copy shop" but not "sufficiently proximate to the copying to displace the customer as the person who 'makes' the copies when determining liability under the Copyright Act."⁴⁰

C. Public Performance

Everyone in the *Cablevision* case agreed that Cablevision transmitted (and therefore performed) a movie or TV program when it responded to a customer's command to play back the movie or TV program stored in the customer's space on Cablevision's hard drive.⁴¹ The issue was whether or not Cablevision performed "publicly."⁴² The relevant language of the definition of "publicly" is performance "to the public . . . whether the members of the public capable of receiving the performance . . . receive it in the same place or in separate places and at the

Skidmore deference, deference based on its 'power to persuade'" and rejecting that definition as unpersuasive (quoting *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944)).

36. *Cablevision*, 535 F.3d at 131-32.

37. *Id.*

38. *Id.* (citing *Religious Tech. Ctr. v. Netcom On-Line Comm'n Servs.*, 907 F. Supp. 1361 (N.D. Cal. 1995)).

39. *Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 607, 620 (S.D.N.Y. 2007), *rev'd sub nom. Cartoon Network LP v. CSC Holdings, Inc. (Cablevision)*, 536 F.3d 121, 131-32 (2d Cir. 2008).

40. *Cablevision*, 536 F.3d at 132.

41. *Id.* at 134.

42. *Id.*

same time or at different times.”⁴³ The court concluded that there was no public performance when Cablevision transmitted the movie or TV program because Cablevision was transmitting “a single unique” performance of the customer’s copy of the work to the customer.⁴⁴ In other words, Cablevision was not transmitting a performance of the same copy to many customers, regardless of whether the transmission occurred in the same place or in separate places and at the same time or at different times.⁴⁵ Unfortunately, this close reading of the definition of “publicly” later opened the door to abuse.⁴⁶

D. *Copyright Without the Copies*

The Second Circuit’s decision regarding momentary copying and public performance was based on parsing the language of the Copyright Act. Its decision regarding storage was based on a concept not found in the Copyright Act: namely, volitional conduct. It is hard to find fault with the Second Circuit’s close interpretation of the text of the Copyright Act regarding momentary copying and public performance,⁴⁷ except to say that reasonable minds could differ as, for example, the Copyright Office in the case of momentary copying.⁴⁸ Extending the theory of volitional conduct to storage is far more controversial and the proximity test seems to be very subjective. But, stepping out from the weeds, it appears that the most effective criticism of the Second Circuit’s decision is its failure to contextualize the issues presented to it.

Cablevision had constructed a system to make money out of copying and transmitting copyrighted material to its customers.⁴⁹ This was the sole purpose of buffer copying and storage copying on its hard drives.⁵⁰ It is difficult to conceive that Congress did not intend to embrace this kind of activity within the concept of infringement. The

43. *Id.* (quoting 17 U.S.C. § 101 (2012)).

44. *Id.* at 139.

45. *See id.*

46. *See infra* Part IV for a discussion of the Second Circuit decision in *WNET, Thirteen v. Aereo, Inc.* 712 F.3d 676 (2d Cir. 2013), *cert. granted sub nom.* *ABC, Inc. v. Aereo, Inc.*, 82 U.S.L.W. 3403 (U.S. Jan. 14, 2014) (No. 13-461).

47. *See Cablevision*, 536 F.3d at 127–30, 134–37.

48. *Compare* U.S. COPYRIGHT OFFICE, *supra* note 35, at 111 (“[W]e believe that Congress intended the copyright owner’s exclusive right to extend to all reproductions from which economic value can be derived. . . . The dividing line, then, can be drawn between reproductions that exist for a sufficient period of time to be capable of being ‘perceived, reproduced, or otherwise communicated’ and those that do not.” (internal citation omitted)) *with Cablevision*, 536 F.3d at 129–30 (rejecting the Copyright Office’s interpretation and determining that the data copied for up to 1.2 seconds did not meet the statutory definition of “period of more than transitory duration” (quoting 17 U.S.C. § 101)).

49. *See Cablevision*, 536 F.3d at 124.

50. *Id.* at 124–25.

Second Circuit's analogies do not seem apt: Cablevision is not like an ISP that hosts websites with material about which it has little knowledge and over which it exercises only distant control. It is also not providing a copy service that anyone may use to copy material chosen by the customer. Cablevision *supplies* the material. True, the Second Circuit left the door open to secondary liability, but in light of *Sony*, there may not be much behind that door.⁵¹

In addition to the Second Circuit's failure to contextualize the issues, *Cablevision* raises a fundamental question about modern copyright law: its dependence on copying. There are at least two unhappy results of this dependence. First, because the Internet runs on copying, the focus on copying creates too much potential liability. Second, it encourages microscopic examination of the alleged act of copying and of the text of the statute to the detriment of the Copyright Act's purpose and the context of the case.

What the alternative would be is beyond the stated scope of this article (and perhaps beyond the ken of its author), but a statute that focuses on commercial uses of copyrighted material comes immediately to mind. Perhaps it is time to consider jettisoning our copy-based approach to infringement. So, the cloud has a silver lining for Cablevision and for the consumer, and perhaps for those who can imagine copyright law without copies.

III. DIGITAL FIRST SALE

Another case that illustrates how copyright law's fixation on copying causes problems is *Capitol Records v. ReDigi*.⁵² "ReDigi market[ed] itself as 'the world's first and only online marketplace for digital used music.'"⁵³ ReDigi's service worked as follows: First, users download Media Manager ("MM") software.⁵⁴ MM then accesses the music files on the user's computer and determines which ones are eligible for uploading onto ReDigi; files downloaded legally from iTunes or from ReDigi are eligible, while music acquired from other sources, such as from a CD or a file-sharing system, is not eligible.⁵⁵ Only eligible files may be uploaded to ReDigi's "Cloud Locker," its remote storage server

51. *Sony Corp. of America v. Universal City Studios*, 464 U.S. 417, 421 (1984). *Sony* laid the groundwork for the development of secondary liability in copyright law. But in *Sony*, the Court held that the manufacturer of a video tape recorder was not secondarily liable for its customers' taping television programs. *Id.*

52. *Capitol Records, LLC v. ReDigi, Inc.*, 934 F. Supp. 2d 640 (S.D.N.Y. 2013).

53. *Id.* at 645.

54. *Id.*

55. *Id.*

in Arizona.⁵⁶ MM then deletes the copies of the music file on the user's computer, so that the only copy resides in the cloud.⁵⁷ From the cloud, the user can stream the music file to a device for personal use or he or she can sell it to another ReDigi user.⁵⁸ If another ReDigi user buys the file, access to the file in the cloud is denied to the seller.⁵⁹ The buyer now will have access to the cloud copy for streaming, further sale, or download to his or her computer.⁶⁰ By means of this system, the basic paradigm of the First Sale Doctrine is replicated because the transferor does not have a copy and the transferee does.⁶¹

Aside from the problem of whether MM can perfectly detect eligible files and delete all of the files on the user's computer, the inescapable problem of ReDigi's system is that by uploading a file from the user's computer to the cloud, a copy is made.⁶² A copy is also made when the buyer downloads a file from the cloud.⁶³ In short, the injection of copying into the system technically removes the process from the First Sale Doctrine because that doctrine is an exception to the right to publicly distribute, not the right to copy.⁶⁴ Indeed, the court held ReDigi liable for making infringing copies.⁶⁵ In a copyright regime in which infringement is not focused on the act of copying, a perfected version of ReDigi's system would seem to fulfill the policy behind the First Sale Doctrine.

IV. PUBLIC PERFORMANCES ON THE INTERNET

Recall that, in my judgment, the Second Circuit's close reading of what makes a performance public under the facts in *Cablevision* opened the door to mischief by ignoring the context of Cablevision's business model.⁶⁶ Cablevision, in the facts relevant to this discussion, received transmissions of movies and TV programs, stored them at the behest of its subscribers on its own hard drives, and transmitted the stored movies

56. *Id.*

57. *See id.* at 646.

58. *Id.*

59. *Id.*

60. *Id.*

61. *See* 17 U.S.C. § 109 (2012).

62. *Capitol Records, LLC*, 934 F. Supp. 2d at 649 ("ReDigi's service by necessity creates a new material object when a digital music file is either uploaded to or downloaded from the Cloud Locker.").

63. *Id.*

64. *See id.* at 655 ("[I]t should be noted that the [first sale] defense is, by its own terms, limited to assertions of the *distribution right*."). Note: Although the opinion reads "fair use" instead of "first sale," the context clearly indicates that the court meant the latter.

65. *Id.* at 652.

66. *See supra* Part II.D.

and programs to the subscribers' devices on command.⁶⁷ Aside from the parsing of the definition of "publicly," this money-making activity could be fairly characterized as retransmitting the copyrighted material—on delay. The closest analogy—and one accepted by the Southern District of New York—is to video on demand.⁶⁸

*WNET, Thirteen v. Aereo, Inc.*⁶⁹ illustrates how a company, wishing to make money off the use of copyrighted material, could use the Second Circuit's crabbed interpretation of public performance in *Cablevision* to defeat the purpose of the Copyright Act.

Aereo had nearly eighty antennas about the size of a dime, contained on several large antenna boards in one location.⁷⁰ When a subscriber wanted to watch or record a TV program, Aereo assigned to that subscriber an antenna, received the transmission of the program, copied it to a hard drive in the subscriber's reserved directory, and then transmitted the copied program to the subscriber immediately or at a later time.⁷¹ It is important to note that Aereo always made a copy of the requested program, so the viewer watched the program with a slight time lag, even if he or she wanted to watch it immediately.⁷²

On a motion for a preliminary injunction, the Southern District of New York determined that the plaintiffs lacked likelihood of success on the merits because the facts were materially indistinguishable from *Cablevision*.⁷³ On appeal, the Second Circuit focused on infringement of the right of public performance—specifically, the claim that Aereo was acting like a cable TV company in the nearly simultaneous transmission of the program when the subscriber wished to watch the program "immediately."⁷⁴ It is significant to note that *Cablevision*, by contrast, was a legitimate cable TV company that retransmitted programs to its subscribers *and* provided the services of a remote DVR.⁷⁵

Seduced once again by the *Cablevision* principle that each Aereo subscriber was receiving a transmission of a private copy, the Second Circuit—not surprisingly—held that Aereo was not publicly performing

67. *Cartoon Network LP v. CSC Holdings, Inc. (Cablevision)*, 536 F.3d 121, 124 (2d Cir. 2008).

68. *Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 602, 619 (S.D.N.Y. 2007).

69. 712 F.3d 676, 694–95 (2d Cir. 2013), *cert. granted sub nom. ABC, Inc. v. Aereo, Inc.*, 82 U.S.L.W. 3403 (U.S. Jan. 14, 2014) (No. 13-461).

70. *Id.* at 682.

71. *Id.*

72. *Id.* at 682–83.

73. *Id.* at 680.

74. *Id.* at 690–92.

75. *See Cartoon Network LP v. CSC Holdings, Inc. (Cablevision)*, 536 F.3d 121, 124 (2d Cir. 2008).

the copyrighted programs.⁷⁶ Thus, through the artificial stratagem of assigning an antenna and making a momentary individualized copy, Aereo escaped copyright infringement liability. The copying issue was not presented on appeal.

Unlike *Cablevision*, however, there was a dissent, which was authored by Judge Chin. Judge Chin began his dissenting opinion by contextualizing the issue—a practice that the Second Circuit seems to avoid consistently.⁷⁷ Pronouncing Aereo’s technology a “sham,” he noted what seems to be an indisputable fact:

[T]here is no technologically sound reason to use a multitude of tiny individual antennas rather than one central antenna; indeed, the system is a Rube Goldberg-like contrivance, over-engineered in an attempt to avoid the reach of the Copyright Act and to take advantage of a perceived loophole in the law.⁷⁸

Judge Chin backed up this characterization by analyzing the language of the Copyright Act and the relevant legislative history.⁷⁹ He also distinguished this case from *Cablevision*.⁸⁰ I commend a reading of this dissent. But for the purposes of this article, it is sufficient to remark that Judge Chin’s dissent is a model of attention to text and legislative history and to the reality of Aereo’s business model. Aereo’s approach to copyright protection resembles the approach in peer-to-peer copyright infringement cases, where the software was successively “refined” to eliminate knowledge of infringing activity (and thus escape contributory infringement liability) to the point where, as in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, the software developers boasted about infringing without liability.⁸¹

V. BURYING THEIR HEADS IN THE SAND

How far can ISPs go in ignoring copyright infringements on their systems? This was the basic question presented to the Second Circuit on appeal in *Viacom International, Inc. v. YouTube, Inc.*⁸² In establishing the safe harbor for hosting websites, the DMCA looked to the usual indicia of secondary liability: knowledge, material contribution, control, and financial benefit.⁸³ *Viacom* concerned the (lack of) knowledge

76. *WNET, Thirteen*, 712 F.3d at 696.

77. *Id.*

78. *Id.* at 697.

79. *See id.* at 697–701.

80. *Id.* at 702–03.

81. 545 U.S. 913, 919, 937–40 (2005).

82. 676 F.3d 19 (2d Cir. 2012).

83. *See* 17 U.S.C. § 512(c) (2012) (providing limitations on liability relating to material online); *see also Viacom Int’l, Inc.*, 676 F.3d at 26–28 (reviewing the DMCA safe harbor

requirement.⁸⁴ Specifically, in order to remain in the safe harbor created by the DMCA, the ISP must not be “aware of facts or circumstances from which infringing activity is apparent.”⁸⁵ This provision is often referred to as the “Red Flag” provision.⁸⁶ In other words, in addition to actual knowledge of infringing material on a website, the ISP cannot ignore a red flag that indicates infringing activity. Put another way, if an ISP stumbles upon infringing activity, it cannot ignore it.

A. *The Plaintiffs’ Allegations*

We are all familiar with YouTube. If we have not uploaded a video to YouTube, we certainly have watched videos on YouTube. What kind of knowledge does YouTube have of the videos subscribers have uploaded to its web space? *Viacom* alleged the following:

YouTube employees conducted website surveys and estimated that 75–80% of all streams contained copyrighted material. . . . Credit Suisse, acting as financial advisor to Google [YouTube’s parent company], estimated that more than 60% of YouTube content was premium copyrighted content—and that only 10% of the premium content was authorized. . . .

. . . YouTube attempted to search for specific Premier League videos in order to gauge their “value based on video usage.” . . .

. . . YouTube founder Jawed Karim prepared a report in March 2006 which stated that . . . episodes and clips of . . . [various] well-known shows can be found [on YouTube] . . .⁸⁷

Viacom also pointed out various internal emails that indicated that high-level YouTube employees knew about infringing content on the website and did not remove it.⁸⁸

B. *The Court’s Holding*

Astonishingly, in the face of these allegations, the Southern District of New York granted summary judgment to YouTube.⁸⁹ The district court held that “knowledge of specific and identifiable infringements”⁹⁰ was necessary in order for YouTube to be “aware of facts or circum-

provisions); *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 261–63 (9th Cir. 1996) (discussing traditional indicia of secondary vicarious liability).

84. *Viacom Int’l, Inc.*, 676 F.3d at 30.

85. 17 U.S.C. § 512(c)(1)(A)(ii).

86. *Viacom Int’l, Inc.*, 676 F.3d at 31.

87. *Id.* at 33.

88. *Id.* at 33–34.

89. *Viacom Int’l, Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514, 529 (S.D.N.Y. 2010), *aff’d in part, rev’d in part*, 676 F.3d 19 (2d Cir. 2012).

90. *Viacom Int’l, Inc.*, 718 F. Supp. 2d at 523.

stances from which infringing activity is apparent.”⁹¹ The Second Circuit agreed with the holding regarding the Red Flag provision, but it remanded because it determined that Viacom’s allegations had at least raised issues of material fact from which a jury could conclude that YouTube saw red flags.⁹²

The courts were perhaps influenced by the 2007 Ninth Circuit Court of Appeals decision in *Perfect 10, Inc. v. CCBill LLC*.⁹³ In that case, defendants provided web hosting and other services to websites.⁹⁴ The plaintiff argued that defendants had received notice of apparent infringement from circumstances that raised red flags: websites were named “illegal.net” and “stolencebritypics.com,” and others involved password hacking.⁹⁵ The court held that these were not red flags.⁹⁶ In the case of the use of “illegal.net” and “stolencebritypics.com,” the court said that these could be just come-ons; in the case of the passwords, the court said that the ISP should not have to investigate whether the passwords really were hacked.⁹⁷

C. Commentary

Having participated in the negotiations that led up to § 512, I can attest that the Red Flag provision was the most contentious. Perhaps the meaning of the Red Flag provision is best understood as a midpoint of a spectrum between actual knowledge on the far left and monitoring on the far right. The plaintiffs in *Viacom* sought to equate awareness of apparent infringing activity with generalized knowledge of infringing activity.⁹⁸ But generalized knowledge of infringing activity seems to lie to the right of the midpoint of the spectrum; therefore, this kind of knowledge cannot be placed on the points of the spectrum that are important for determining safe harbor status. Having said this, however, at a bench trial where the facts alleged by Viacom were proven, I would have no qualm in ruling that YouTube saw many red flags and therefore was not entitled to the storage safe harbor regarding the infringing material on which the red flags were planted.

That the DMCA does not require an ISP to monitor its service or require it to affirmatively seek facts indicating infringing activity in order to be in a safe harbor is not inconsistent with such a ruling. First,

91. *Id.* at 517 (quoting 17 U.S.C. § 512(c)(A)(ii) (2012)).

92. *Viacom Int’l, Inc.*, 676 F.3d at 41.

93. 488 F.3d 1102 (9th Cir. 2007).

94. *Id.* at 1108.

95. *Id.* at 1114.

96. *Id.*

97. *Id.*

98. *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 30–31 (2d Cir. 2012).

becoming aware of apparent infringing activity in the ordinary course of its business is not a duty to monitor. Second, as § 512(m) suggests, an ISP may not be required to search its system to find infringing activity in cooperation with a copyright owner, except in the case of standard technical measures.⁹⁹ Furthermore, reacting to a red flag seems the prudent thing to do. An ISP may remain in the safe harbor merely by taking down the material or activity to which it is alerted by the red flag, and § 512(g)(1) exculpates an ISP for such removal when done in good faith.¹⁰⁰

In the end, I would argue that the copyright owners did not get what they ostensibly wanted in *Viacom*, but they did get what they really wanted. They did not get “generalized knowledge” as a red flag, but they did get a remand to determine whether the knowledge alleged would be a red flag under the court’s criteria.¹⁰¹ In addition, the copyright owners got a bonus: willful blindness. The court held that “the willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under the DMCA.”¹⁰² To illustrate willful blindness, the court stated: “A person is ‘willfully blind’ or engages in ‘conscious avoidance’ amounting to knowledge where the person was aware of a high probability of the fact in dispute and consciously avoided confirming that fact.”¹⁰³ Presumably, not taking down “illegal.net” and “stolencelebritypics.com,” if an ISP became aware of such websites, such would qualify as willful blindness.

Doubtless, there will be more litigation on the knowledge requirement of the safe harbors, but the *Viacom* case is a warning that ISPs and websites cannot bury their heads in the sand.

The *Viacom* case may be better appreciated in the context of a trend of cooperation between websites that host user-generated content and copyright owners. Some copyright owners and service providers have recently set up a formal system by which uploaders are first warned about using copyright-infringing content and then suffer consequences

99. 17 U.S.C. § 512(m)(1) (2012) (stating that inclusion in a safe harbor does not require “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure”).

100. *Id.* § 512(g)(1) (“[A] service provider shall not be liable to any person for any claim based on the service provider’s good faith disabling of access to, or removal of, material or activity claimed to be infringing or based on facts or circumstances from which infringing activity is apparent, regardless of whether the material or activity is ultimately determined to be infringing.”).

101. *Viacom Int’l Inc.*, 676 F.3d at 36.

102. *Id.* at 35.

103. *Id.* (internal citations and quotations omitted).

when these warnings are ignored.¹⁰⁴ YouTube and Google have also used special software to detect infringing material.¹⁰⁵ For their part, copyright owners have abandoned their relentless campaign of attack on users, which has resulted in public relations (and jurisprudential) disasters like the *Lenz* case.¹⁰⁶ This trend fits in nicely with the principle of the “responsible service provider,” which was agreed to by all the stakeholders during the negotiations that led to the DMCA. Such cooperation may lessen the need for Congress to clarify the Red Flag provision.

VI. SOPA AND PIPA: DEAD ON ARRIVAL

What further proof do we need of the clout of Internet-based companies other than the sudden death of the Stop Online Piracy Act (“SOPA”)¹⁰⁷ and the Protect IP Act (“PIPA”)?¹⁰⁸ After widespread online protests in January 2012, action on the bills abruptly stopped, and many sponsors jumped ship.¹⁰⁹ (And you thought the copyright owners were powerful!) My purpose here is not to attack or defend the bills but rather to highlight some of the problems that the bills addressed.

In general, the bills targeted rogue foreign websites (“RFWs”) that host massive amounts of infringing material.¹¹⁰ How can copyright owners identify and stop these sites? There should be some sympathy for the copyright owners’ plight. But how to tackle this problem? The approach of SOPA and PIPA was to fasten onto the domain name; that is, to de-link the domain name and the Internet protocol address, so that a person

104. See *The Copyright Alert System*, CENTER FOR COPYRIGHT INFORMATION, <http://www.copyrightinformation.org/the-copyright-alert-system/> (last visited Oct. 27, 2013).

105. See *Content ID*, YOUTUBE, <http://www.youtube.com/t/contentid> (last visited Oct. 27, 2013). Google, YouTube’s parent company, receives millions of copyright removal requests on a monthly basis. *Transparency Report*, GOOGLE, <http://www.google.com/transparencyreport/removals/copyright/> (last updated Nov. 13, 2013). Google claims that it takes an average of six hours for it to respond to such requests. *FAQs*, *Transparency Report*, GOOGLE, <http://www.google.com/transparencyreport/removals/copyright/faq/> (last visited Nov. 14, 2013).

106. *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150 (N.D. Cal. 2008). Universal, acting for the artist Prince, sent a takedown notice to YouTube about a short video uploaded by Stephanie Lenz because the video of Lenz’s small children dancing included the song “Let’s Go Crazy” playing in the background. *Id.* at 1151–52. Lenz, with the assistance of various groups, got YouTube to repost the video and sued Universal for sending a bad-faith notice because Universal did not consider that the video could be a fair use of the song. *Id.* at 1152. The court denied Universal’s motion to dismiss, effectively holding that failure to consider fair use before sending a takedown notice is relevant in determining whether the notice was filed in bad faith. See *id.* at 1153, 1156–57.

107. H.R. 3261, 112th Cong. (2011).

108. S. 968, 112th Cong. (2011).

109. E.g., Anthony Avallone, *SOPA and PIPA Reaction – The Day the Web Went Black*, KEYLIMETIE BLOG (Jan. 20, 2012, 12:28 PM), <http://www.keylimetie.com/blog/2012/1/20/sopa-and-pipa-reaction-the-day-the-web-went-black/>.

110. Jared Newman, *SOPA and PIPA: Just the Facts*, PCWORLD (Jan. 17, 2012, 6:00 PM), http://www.pcworld.com/article/248298/sopa_and_pipa_just_the_facts.html.

using the name of the site would not be able to reach it (although the site could still be reached by the IP number).¹¹¹

What intrigued me about the bills, however, was the imposition of a duty on financial transaction providers not to service RFWs, websites linking to the RFWs, and Internet advertising services.¹¹² I was intrigued because copyright owners have sought to make payment systems servicing infringing websites secondarily liable for infringement.¹¹³ The focus on linking also reminded me of the safe harbor that the DMCA created for information location tools.¹¹⁴

For the sake of brevity, I would like to concentrate on the secondary liability of financial transactions providers because this issue was the focus of a recent case and because, in that case, there were good arguments on both sides of the issue. In *Perfect 10 v. Visa*, Perfect 10, which “operate[d] the subscription website . . . which ‘feature[d] tasteful copyrighted images of the world’s most beautiful natural models,’” sued Visa for providing payment services to websites that infringed Perfect 10’s copyrights.¹¹⁵ Perfect 10 alleged that it repeatedly notified Visa that holders of Visa credit cards were using their cards to purchase images that infringed on Perfect 10’s rights, and that Visa did nothing after notice.¹¹⁶ Because Visa itself was not reproducing Perfect 10’s copyrighted images, Perfect 10 had to rely on secondary liability; however, the Ninth Circuit Court of Appeals refused to hold Visa secondarily liable.¹¹⁷

The court looked at the elements of contributory infringement and vicarious liability. According to the court, the elements of contributory infringement are knowledge, on the one hand, and material contribution or inducement on the other.¹¹⁸ The court skipped over the knowledge element because it determined that Perfect 10 failed to sufficiently plead that Visa induced or materially contributed to the infringement.¹¹⁹ The court held that Visa did not have a direct connection to the infringement activity—to “reproduction, alteration, display and distribution.”¹²⁰ Now, whether a connection is direct or not is often subjective. The majority, however, tried to make this judgment more objective by contrasting

111. *E.g.*, Stop Online Piracy Act, H.R. 3261, 112th Cong. § 102(c)(2)(A)(i) (2011).

112. *See id.* § 103(b).

113. *See, e.g.*, *Perfect 10, Inc. v. Visa Int’l Serv. Ass’n (Visa Int’l Serv. Ass’n)*, 494 F.3d 788 (9th Cir. 2007).

114. *See* 17 U.S.C. § 512(d) (2012).

115. *Visa Int’l Serv. Ass’n*, 494 F.3d at 792–93.

116. *Id.* at 793.

117. *Id.* at 806–10.

118. *Id.* at 795.

119. *Id.*

120. *Id.* at 796.

search engines (which a previous case had held to be liable for material contribution)¹²¹ with what Visa was doing: “Google may materially contribute to infringement by making it fast and easy for third parties to locate and distribute infringing material, whereas Defendants make it easier for infringement to be *profitable*, which tends to increase financial incentives to infringe, which in turn tends to increase infringement.”¹²² The court summarized its characterization of what Visa was doing as an “additional step in the causal chain.”¹²³

The inimitable (now Chief) Judge Kozinski, however, had none of this. In his spirited dissent, he rejected the length of the causal chain test: “Materiality turns on how significantly the activity helps infringement, not on whether it’s characterized as one step or two steps removed from it.”¹²⁴ Even if distance from the infringement were relevant, Judge Kozinski noted the following: “Defendants participate in every credit card sale of pirated images; the images are delivered to the buyer only after defendants approve the transaction and process the payment. This is not just an economic incentive for infringement; it’s an essential step in the infringement process.”¹²⁵

Turning to vicarious liability, the court skipped over the element of direct financial interest because it found that Visa had no “right and ability to control the infringing activity.”¹²⁶ The majority emphasized that “to control” means to directly control the actual infringing activity.¹²⁷ For Judge Kozinski, however, the test was the one adopted by the Supreme Court in *Grokster*: “One . . . infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.”¹²⁸ Clearly, Kozinski’s *Grokster* test is much broader than the majority’s test, especially because the *Grokster* test would include *limiting* the infringement as well as stopping it.

The key case for the majority, however, was *Perfect 10 v. Amazon.com*,¹²⁹ which was decided after the Supreme Court’s *Grokster* decision. *Amazon.com* concerned the operation of Google’s search

121. See *Perfect 10, Inc. v. Amazon.com, Inc. (Amazon.com)*, 487 F.3d 701, 729 (9th Cir. 2007) (“Google could be held contributorily liable if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10’s copyrighted works, and failed to take such steps.”).

122. *Visa Int’l Serv. Ass’n*, 494 F.3d at 797.

123. *Id.*

124. *Id.* at 812 (Kozinski, J., dissenting).

125. *Id.* at 811–12.

126. *Id.* at 803 (majority opinion).

127. See *id.* at 804–05. The majority somewhat confuses the test by using “supervision” as well as “control.” *Id.* at 805.

128. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005); see also *Visa Int’l Serv. Ass’n*, 494 F.3d at 816 (Kozinski, J., dissenting).

129. 487 F.3d 701 (*Amazon.com*) (9th Cir. 2007).

engine, which, in response to an image inquiry, returned thumbnail reproductions of infringing images.¹³⁰ When a user clicked on the thumbnail to see the full-size image, the image appeared because Google connected the user to the website on which the image was stored, not because Amazon reproduced the full-size image.¹³¹ The Ninth Circuit held that, consequently, Google was not liable for direct infringement, but it also held that Google was not vicariously liable.¹³² According to the majority opinion in *Visa*, “the [*Amazon.com*] court found that Google’s ability to control its own index, search results, and webpages does not give Google the right to control the infringing acts of third parties even though that ability would allow Google to affect those infringing acts to some degree.”¹³³ For the *Visa* majority, there is no conflict between *Amazon.com* and *Grokster* because the focus of the inquiry for both cases was not the degree of control (e.g., stop or limit) but the effect of the control on the infringing activity.¹³⁴ The test is whether the defendant “exercise[s] sufficient control over the actual infringing activity for vicarious liability to attach.”¹³⁵

Kozinski, however, accuses the majority of requiring an “‘absolute right to stop [the infringing activity]’ as a predicate for vicarious liability.”¹³⁶ He reads *Amazon.com* as requiring only the “practical ability” to do so.¹³⁷ Therefore, he concludes that “[w]hile proclaiming its fidelity to *Amazon*, . . . the majority jettisons *Amazon*’s ‘practical ability’ standard and substitutes its own ‘absolute right to stop’ standard.”¹³⁸

The reasoning of the majority and the reasoning of the dissent seem to fly by each other rather than to meet each other head on. In any event, the reasoning of the majority is another example of the inability (or unwillingness) of courts to contextualize the dispute—or at least admit to doing so. In this case, the majority was not parsing the statute but was avoiding the effect of precedent—primarily, the holding and rationale of *Amazon.com*.¹³⁹ (Unlike the Patent Act, secondary liability is not codi-

130. *Id.* at 711.

131. *Id.* at 711–12.

132. *Id.* at 716–18, 730–31.

133. *Visa Int’l Serv. Ass’n.*, 494 F.3d at 803 (majority opinion) (citing *Amazon.com*, 487 F.3d at 730–32).

134. *Id.* at 803–05.

135. *Id.* at 806.

136. *Id.* at 818 (Kozinski, J., dissenting) (internal citation omitted).

137. *Id.* (citing *Amazon.com*, 487 F.3d at 731).

138. *Id.* (citing *Visa Int’l Serv. Ass’n.*, 494 F.3d at 804 (majority opinion)).

139. 487 F.3d 701, 730 (9th Cir. 2007) (finding that while “Google could be held contributorily liable if it had knowledge that infringing Perfect 10 were available using its search engines, could take simple measures to prevent further damage . . . , and failed to take such steps,” that, on the issue of vicarious liability, “Perfect 10 has not demonstrated a likelihood of showing that Google has the legal right to stop or limit the direct infringement of third party websites.”

fied in the Copyright Act.)¹⁴⁰ Yet, because of the indeterminacy of the “direct connection” test for contributory infringement and the narrow focus on control over the “actual infringing activity,” one gets the impression that the real motivation for the decision was simply the feeling that credit card companies were too removed from the infringement and that taking steps to avoid liability would be too much of a burden for them. Therefore—more precisely—the *Visa* majority surreptitiously contextualized the dispute while it ostensibly engaged in pure legal reasoning. Judge Kozinski, by contrast, forthrightly focused on the fact that credit card companies were knowingly making money off of infringement and that they could quite easily pull their financial plugs.¹⁴¹

In any event, after *Visa*, it is no wonder that copyright owners might want to begin to conscript credit card companies into their anti-piracy war by statute rather than by reliance on the courts. Furthermore, SOPA, PIPA, and *Visa* suggest that secondary liability be included in a revised Copyright Act. To preserve flexibility, perhaps it should be treated like fair use: listing of general principles, augmented with specific imposition of secondary liability for the activities, such as providing financial transactions, knowingly linking to infringing websites, and providing Internet advertising services.

VII. THE UNPREDICTABLES: FAIR USE AND THE EXPIRATION OF THE COPYRIGHT TERM

When Congress codified the judicially created doctrine of fair use as § 107 of the Copyright Act, it chose to enact guidelines that allow for greater flexibility.¹⁴² This choice may be contrasted with that of other regimes, such as those found in some European countries, where fair uses are spelled out with some specificity.¹⁴³ The obverse of the coin of flexibility, however, is unpredictability, and the cost of unpredictability lies heavily on those with good faith but without monetary resources.

(citing *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005)). “The dissent disagrees with our reading of *Amazon.com* and charges us with wishful thinking . . . and with ‘draw[ing] a series of ephemeral distinctions’” *Visa Int’l Serv. Ass’n*, 494 F.3d at 797 (citing *id.* at 811, 825 (Kozinski, J., dissenting)). See also *id.* at 795 (“To find that Defendants’ activities fall within the scope of such tests [as *Amazon.com*] would require a radical and inappropriate expansion of existing principles of secondary liability and would violate the public policy of the United States.”).

140. See 35 U.S.C. § 271(c) (2006).

141. *Visa Int’l Serv. Ass’n*, 494 F.3d at 810–11 (Kozinski, J., dissenting) (“If such active participation in infringing conduct does not amount to individual infringement, it’s hard to imagine what would.”).

142. 17 U.S.C. § 107 (2012); see also *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 447 n.29 (1984).

143. See, e.g., Intellectual Property Code, art. L122-5 (Fr.), available at http://www.wipo.int/wipolex/en/text.jsp?file_id=180336.

The *Lenz* case mentioned above, where a mom bested a rock star, but only with outside help, dramatically illustrates this point (although bad law was created as a result).¹⁴⁴

In addition to this inherent problem with the doctrine of fair use, there are practical problems that arise when attempting to accommodate fair use in the digital environment. For example, once a copy is made for fair use of a work, how can that copy be limited to the fair use? This dilemma perplexed those involved in drafting the anti-circumvention provisions of § 1201.¹⁴⁵ To recast the question posed in this context: if one is permitted to circumvent a technical protection measure (“TPM”) in order to make a fair use copy of a work, how will that copy be limited to the fair use?

In addition to the putative fair user, unpredictability also dogs the person who in good faith wants to comply with the Copyright Act, but who cannot determine whether a work is still under copyright or who owns the copyright. The Copyright Office identified and closely follows this issue, which is known as the “orphan works” problem.¹⁴⁶ While it has been the subject of legislative proposals,¹⁴⁷ now is the time to act on this problem.

A. *Fair Use Advisory Opinion*

I believe an administrative (or perhaps quasi-judicial) procedure would alleviate the unpredictability of a determination of fair use and at the same time respect the flexibility of § 107. As part of this procedure, a user would apply for an advisory opinion from the Copyright Office as to whether a particular use would be fair. If the Copyright Office advises in the affirmative, then armed with this opinion, the user would be exempt from monetary liability but could still be subject to an injunction. This process could be entirely housed in an online system. David Post has adumbrated such a system in his article on virtual magistrates.¹⁴⁸ It deserves to be examined carefully.

144. *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150 (N.D. Cal. 2008); *see also supra* note 106.

145. 17 U.S.C. § 1201(a)(1)(B)–(E) (2012). The statute provides a mechanism whereby the Librarian of Congress, “upon the recommendation of the Register of Copyrights,” through a rulemaking procedure, determines which class of works are exempt for a succeeding three-year period from the prohibition of circumventing technical protection measures that control access to a copyrighted work in order to make non-infringing uses of such classes of works. *Id.* § 1201(a)(1)(A), (C).

146. *See generally* U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS (2006), <http://www.copyright.gov/orphan/orphan-report.pdf>.

147. *See generally* The “Orphan Works” Problem and Proposed Legislation: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 110th Cong. (2008) (statement of Marybeth Peters, the Register of Copyrights).

148. David G. Post, *Dispute Resolution in Cyberspace: Engineering a Virtual Magistrate*

B. *Fair Use and Anti-Circumvention*

How to accommodate fair use in anti-circumvention legislation was—and is—a thorny problem. The solution embodied in § 1201(a)(1)(B)–(E) was to allow the Librarian of Congress (effectively the Copyright Office) to provide three-year exemptions to certain classes of works from the prohibition of § 1201(a)(1)(A) against the act of circumventing a TPM to gain access to a copyrighted work.¹⁴⁹ The criteria that guide the Librarian’s determination are set out in § 1201(a)(1)(C).¹⁵⁰ Aside from its recent decision not to renew the exemption for unlocking of cell phones, the Library of Congress-granted exemptions have been fairly non-controversial.¹⁵¹ However, this decision prompted a flurry of bills to reverse it.¹⁵²

It is noteworthy that, according to the language of the statute, the exemptions apply only to the act of *circumventing* to achieve access; *providing* the means by which access is achieved is prohibited under certain circumstances by § 1201(a)(2).¹⁵³ Thus, presumably, only the technologically adept at circumvention can escape liability. This conclusion would make the exemptions practically useless for the normal user, unless it is possible to make the circumventing-means provider an agent (of the user) who is specifically engaged to do the job so that the provider can take advantage of the user’s exempt status.

It is also worth noting that nothing in the statute prohibits the act of circumventing copy controls, although providing the means to do so would violate § 1201(b) under certain circumstances.¹⁵⁴ So again, a user who has access to a TPM-protected work and who is confident that making a copy of the work would constitute a fair use would have to circumvent the protection himself. One can imagine a scenario in which the person who circumvents a copy-control TPM and makes a copy is protected by fair use, while the provider of the software that enables circumvention is liable under the statute.

Although in principle I would like to see these anomalies

System (Cyberspace Law Inst., Working Paper No. 2, 1996), available at <http://www.temple.edu/lawschool/dpost/Vmaj.html>.

149. 17 U.S.C. § 1201(a)(1)(A)–(E).

150. *Id.* § 1201(a)(1)(C).

151. See, e.g., Andrew Couts, *Awesome New Bill Legalizes Cell Phone Unlocking, ‘Fixes’ the DMCA*, DIGITAL TRENDS (May 9, 2013), <http://www.digitaltrends.com/mobile/new-bill-legalizes-cell-phone-unlocking-fixes-the-dmca/>.

152. See *id.*

153. Compare 17 U.S.C. § 1201(a)(1)(A) (“No person shall circumvent a technological measure that effectively controls access to a work protected under this title.”) with *id.* § 1201(a)(1)(D) (“[T]he prohibition in subparagraph (A) shall not apply” to works determined by the Librarian to be exempted.).

154. See *id.* § 1201(b).

addressed, I must admit that once a TPM is circumvented to make a fair use of the work, the work will then be available for unfair uses as well. To put it another way, it would be nice if circumvention could be confined to fair uses of the protected work.

Let me end with another cautionary note: Getting rid of anti-circumvention law is not an option. The United States is obligated by virtue of Article 11 of the WIPO Copyright Treaty to “provide adequate legal protection and effective legal remedies against . . . circumvention.”¹⁵⁵ The European Union has issued a Directive that calls for prohibition of not only the acts of circumvention, but also providing the means to circumvent under various circumstances.¹⁵⁶ Thus, the real issue is how anti-circumvention law can be modified, if at all, so as to better accommodate the fair use of copyrighted works.

VIII. THE COPYRIGHT OFFICE: A LIVING FOSSIL

The great Barbara Ringer, former Register of Copyrights, once told me that most people believed the Copyright Office was two little old ladies and a file cabinet. I doubt that this view holds true today, but I still think most people would be surprised to find that the Copyright Office is a part of the Library of Congress.¹⁵⁷ Looking again at § 1201, isn't it odd that the Librarian of Congress decides on exemptions to the prohibition of circumvention to gain access to a protected work? The Copyright Office engages in rulemaking when it decides on exemptions.¹⁵⁸ Additionally, Copyright Royalty Judges in the Copyright Office adjudicate the fees that cable and satellite television companies pay and distribute these fee-produced funds to the owners of the copyrights used by the fee payers.¹⁵⁹ Although the Register advises Congress on domestic and foreign copyright issues,¹⁶⁰ the Director of the United States Patent and Trademark Office (“USPTO”) has the title of Under Secretary of Commerce for Intellectual Property,¹⁶¹ which includes copyright. Moreover, in practice, the USPTO takes the lead on international copyright affairs with the Copyright Office's assistance.¹⁶²

By statute, the Register is appointed by the Librarian of Congress

155. WIPO Copyright Treaty, art. 11, Apr. 12, 1997, S. Treaty Doc. No. 105-17 (1996).

156. Council Directive 2001/29, art. 6, 2001 O.J. (L 167) 17 (EC).

157. See U.S. LIBRARY OF CONGRESS, *supra* note 19, at 2.

158. 17 U.S.C. § 1201(a)(1)(C) (2012) (requiring the Librarian of Congress to use a rulemaking procedure to determine exemptions).

159. *Id.* § 801(b).

160. *Id.* § 701(b)(1).

161. See USPTO Leadership, USPTO, <http://www.uspto.gov/about/bios> (last visited Jan. 16, 2014).

162. See 17 U.S.C. § 701 (2)–(3).

and acts “under the Librarian’s general direction and supervision.”¹⁶³ The Librarian is not just a rubber stamp; the current Librarian, Dr. James H. Billington—still at his post at the age of 84—has acted against the recommendation of the Register with regard to the anti-circumvention exemptions.¹⁶⁴

From a functional perspective, the Copyright Office is similar to an executive agency. Therefore, it is not surprising that the activities of the Register have been challenged as violating the principle of separation of legislative from executive powers.¹⁶⁵ In *Eltra Corp. v. Ringer*, the Fourth Circuit Court of Appeals decided that the Copyright Office did not violate the Separation of Powers clause, reasoning that although the Copyright Office was an executive agency because it functioned like one, it was under the supervision of the Librarian of Congress, who is appointed by the President.¹⁶⁶ However, despite the Fourth Circuit’s holding, Mr. Gass points to other cases that undermine that court’s reasoning.¹⁶⁷

Regardless of where one falls on the constitutional-unconstitutional spectrum, there seems to be agreement that the Copyright Office at least functions as an executive agency, given its rulemaking and adjudicatory powers.¹⁶⁸ This fact, coupled with copyright law’s importance to the U.S. economy and the digital world,¹⁶⁹ suggests policymakers should seriously consider taking the Copyright Office out of the legislative branch and formalizing its position in the executive branch. For that matter, the importance of intellectual property in general would be better served by an Intellectual Property Office that is a separate agency in the executive branch, uniting the administration and promotion of all three branches of intellectual property. There is no constitutional objection

163. *Id.* § 701(a).

164. Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 75 Fed. Reg. 43,825, 43,838 (July 27, 2010) (“The Librarian has considered but rejected the Register’s recommendation with respect to the proposed class of works consisting of literary works distributed in ebook format.”).

165. See Andy Gass, *Considering Copyright Rulemaking: The Constitutional Question*, 27 BERKELEY TECH. L.J. 1047, 1050–51 (2012).

166. 579 F.2d 294, 301 (4th Cir. 1978) (“[I]n reviewing the several functions of the Librarian of Congress, it would appear indisputable that the operations of the Office of Copyright are executive. . . . The operations of the Office of the Register are administrative and the Register must accordingly owe his appointment, as he does, to appointment by one who is in turn appointed by the President in accordance with the Appointments Clause [viz., the Librarian of Congress].”).

167. See Gass, *supra* note 165, at 1059–61 (citing *United States v. Brooks*, 945 F. Supp. 830, 833 (E.D. Pa. 1996) (“The status of the Copyright Office is an open question in the Third Circuit and I do not find *Eltra* persuasive.”)).

168. See 17 U.S.C. §§801(b), 1201(a)(1)(C) (2012).

169. S. 1961, 104th Cong. (2d Sess. 1996), 142 CONG. REC. 17,199 (1996) (statement of Sen. Orrin Hatch).

against the USPTO being in the Department of Commerce, and U.S. intellectual property policy would be better off.

Such a proposal was briefly batted around while I was Chief Intellectual Property Counsel of the Senate Judiciary Committee, largely because of the interest of then-chairman, Senator Orrin Hatch.¹⁷⁰ The proposal never developed momentum, however. My impression was that the copyright owners liked “two-stop shopping”; that is, the possibility of getting what they wanted from one agency if they didn’t get it from the other. Also at play was the natural tendency for the Librarian of Congress to protect his own turf. Finally, some critics felt that the artistic and cultural aspects of copyright would be given short shrift in an agency otherwise dominated by patent concerns.¹⁷¹ And so the anomaly continues and arguably worsens, as the U.S. Trade Representative claims part of the intellectual property “action,”¹⁷² and the Obama Administration sees the need for an intellectual property enforcement czar.

At a minimum, the scattered bailiwicks of intellectual property should be identified and evaluated to see if bringing them together and out from under other constituencies would be advantageous.

IX. SUMMARY

The Copyright Act does indeed need revision. Whether such a revision would entail a complete overhaul or just a major rewrite is another question. A complete overhaul would require a fundamental shift from a focus on copying. A mere revision might clarify the definition of “copies” and “publicly.” Other revisions might specify instances of secondary liability, make fair-use determinations more predictable, and deal with the orphan works problem. Perhaps there is also an alternate solution that would better accommodate fair use in the context of anti-circumvention. A major change, reorganizing the ways in which intellectual property policy is made (both domestically and internationally) and the patent, copyright, and trademark systems are administered is doable, but only if “good government” can triumph (as it sometimes does) over entrenched interests. I commend Register Pallante for beginning the discussion, and I hope that this article in a modest way has promoted it.

170. *Id.* at 17,199–200.

171. Telephone Interview with Jane Ginsburg, Professor, Columbia University School of Law (1996 or 1997).

172. See generally DEMETRIOS MARANTIS, OFFICE OF THE U.S. TRADE REPRESENTATIVE, 2013 SPECIAL 301 REPORT (2013), available at <http://www.ustr.gov/sites/default/files/05012013%202013%20Special%20301%20Report.pdf>.