

The 'Art' of Copyright: A Practitioner's Perspective

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I. BEGINNINGS

From the time I took Bob Gorman's¹ copyright course in law school, I knew this was my calling in the law. What I had no idea as to was how to accomplish that. My second summer, I accepted an offer to practice at Weil, Gotshal & Manges—about which I knew little beyond a recommendation from a family acquaintance that I interview the firm.

Serendipity.

The firm was all of 85 lawyers—full of energy and a sense of destiny—led by foresightful and entrepreneurial Columbia Law School graduates, Ira Millstein, who became my mentor, and bankruptcy giant Harvey Miller.

I was impressed by the firm's intellectual rigor; its empowerment of young associates; its informality; its inclusiveness. The firm was already on the map in its antitrust and bankruptcy practices. All good—but where was my copyright practice?

Sitting in my library cubicle that summer, I was approached by the partner in charge of the summer recruitment program and told that I had been selected to have lunch with Horace Manges. I was aware that the firm bore his name, that he had a large corner office, that he was of advanced age (from my then-perspective!), and that none of the summer associates had so much as laid eyes on him. I knew little else.

By the date of my lunch appointment, I had done my homework and—lo and behold—came to learn that he was a luminary in the copyright field. Horace was a

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1. Robert A. Gorman joined the faculty of the University of Pennsylvania Law School in 1965 and became a Professor Emeritus in 2000. *Robert A. Gorman*, UNIVERSITY OF PENNSYLVANIA LAW SCHOOL, <https://perma.cc/P4ZA-HQMK> (last visited Sept. 24, 2018); Professor Gorman delivered the 2001 Manges Lecture. *The Annual Horace S. Manges Lecture*, COLUMBIA LAW SCHOOL, <https://perma.cc/E44P-6VXY> (last visited Sept. 24, 2018).

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graduate of Columbia College and this law school who, along with two other Columbia Law School graduates, Frank Weil and Sylvan Gotshal, founded the firm in the heart of the Depression in 1931.

Building on his own serendipity—having been a college roommate of Bennett Cerf, one of the founders of Random House—Horace went on to become an authority on copyright law. He served as counsel to the predecessor to today's Association of American Publishers, the American Book Publishers Council, advised Random House, Doubleday, and Charles Scribner, among other publishers, and represented renowned authors including William Faulkner, John O'Hara, Truman Capote, Whitaker Chambers, and James Jones.

Horace was an active and persuasive voice in the shaping of the 1976 Copyright Act. The legislative history abounds in references to Horace's advocacy on behalf of authors and publishers relating to the myriad controversial issues presented.² Horace was equally a staunch defender of the speech and press freedoms guaranteed by the First Amendment. Unbowed by orthodoxy in terms of acceptable or inoffensive speech, he defended author John O'Hara and Bantam Books against criminal obscenity charges relating to publication of the book *Ten North Frederick*,³ and successfully argued the landmark prior restraint case, *Bantam Books, Inc. v. Sullivan*, before the U.S. Supreme Court.⁴

While I was absorbed in all of this over our lunch, Horace was intent on gaining insight into my generation of law students, as well as my perceptions of the law firm. Though modest in size by today's standards, to Horace, the firm was growing in rapid and increasingly difficult-to-comprehend ways.⁵

I could not then have predicted that I, along with other talented colleagues at the firm, including a number who are here today, would be privileged to carry forward, and build on, the luminous literary property practice that Horace had built. Nor could we yet appreciate the many intellectual challenges doing so would pose.

Following graduation, I began full time at the firm working in our antitrust and trade regulation practice, under Ira Millstein's tutelage.⁶ I semi-jokingly tell people that in those early years I learned everything I know about antitrust law—so, beware. But, in truth, it was an amazing learning platform. With Ira as my (generally) patient tutor, I developed the necessary substantive expertise, learned to litigate sophisticated matters usually lacking clear answers, strived to emulate him by being

2. See, e.g., *Copyright Law Revision: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Judiciary Comm.*, 89th Cong., 1st Sess. 128–36 (1965) (testimony of Horace Manges, Counsel to American Book Publishers Council, Inc.), available at <https://hdl.handle.net/2027/uc1.Sb655184>; *Copyright Law Revision: Studies prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary*, 86th Cong., 2d Sess. 19 (1961), available at <https://perma.cc/D7M6-VBU9>.

3. *People v. Bantam Books, Inc.*, 172 N.Y.S.2d 515 (Sup. Ct. 1958).

4. *Bantam Books, Inc. v. Sullivan*, 372 U.S. 58 (1963).

5. Weil had some 85 lawyers as of 1972, the date of this lunch. Today it has more than 1000.

6. Ira Millstein, a 1947 graduate of Columbia University and a 1949 graduate of Columbia University School of Law, has, over his career, served as Chairman of the Antitrust Law Sections of both the American Bar Association and the New York State Bar Association, and is Founding Chair of the Millstein Center for Global Markets and Corporate Ownership at Columbia Law School. *Ira M. Millstein, WEIL, GOTSHAL & MANGES LLP*, <https://perma.cc/M8DH-M8EW> (last visited Oct. 9, 2018).

the most creative and most prepared lawyer in the courtroom, and took copious mental notes observing Ira's masterful ability to wow clients and judges alike.

Horace's literary property practice was in my early years a small portion of the firm's overall work. The firm's most talented next-generation practitioner, Heather Florence, who also is here today, and who is yet another Columbia Law School graduate, handled much of that work, including coordinating the work of the AAP's First Amendment arm—the Freedom to Read Committee.

Was there any path for me?

Serendipity.

A year into my practice, Heather decided to join Victor Kovner, another Columbia Law School alumnus, to devote herself full-time to this practice area. Heather continued her distinguished career as general counsel to Bantam, Doubleday Dell Publishing. In her place, I was invited by Ira to take over the AAP First Amendment counsel role. My qualifications? Per Ira, "You are a great brief writer. You just need to write some amicus briefs to the U.S. Supreme Court!"

Thrown into the literary lion's den at monthly Freedom to Read Committee meetings with iconic publishing executives the likes of Brooks Thomas,⁷ Tom McCormack,⁸ Tony Schulte,⁹ Betty Prashker,¹⁰ and Simon Michael Bessie,¹¹ my literary property career was thus launched, and I never looked back.

II. THE PRACTICE OF COPYRIGHT LAW

This is the 31st Manges lecture, and I am honored to be the first private practitioner to deliver it. Copyright law is rich in its constitutional and legislative heritage, in its doctrinal underpinnings, and in its interplay with other important legal and social regimes and norms.

7. Thomas served as President, Chief Executive, and Chairman of Harper & Row, Publishers, Inc. See William Grimes, *Brooks Thomas, Publishing Executive at Harper & Row, Dies at 78*, N.Y. TIMES (Feb. 10, 2010), <https://perma.cc/2X62-U22Q>. He also served as Chairman of the Board of the Association of American Publishers ("AAP"), and as Chair of its Freedom to Read Committee.

8. McCormack is the former Chairman, Chief Executive and Editorial Director of St. Martin's Press. See Mervyn Rothstein, *From Playwright to Publishing Company Chief, Then Back Again*, N.Y. TIMES (Aug. 28, 2002), <https://perma.cc/8QZG-PKFR>.

9. Schulte was for many years the Executive Vice President at Random House and Alfred A. Knopf. See Paul Vitello, *Anthony Schulte, Publisher and Early Audiobook Proponent, Dies at 82*, N.Y. TIMES (June 24, 2012), <https://perma.cc/TZ52-J6RM>. He also served as Chair of the AAP's Freedom to Read Committee.

10. Prashker was Vice President and Editor in Chief of Crown Publishing Group, and also served as Chair of the AAP's Freedom to Read Committee. See Edwin McDowell, *The Media Business: Random House Names Publisher of Crown*, N.Y. TIMES (Feb. 16, 1990), <https://perma.cc/35TS-MZBW>. She too served as Chair of the AAP's Freedom to Read Committee.

11. Bessie helped found Atheneum Publishers, serving as president from 1963 to 1975, and served as Senior Editor at Harper & Row. See Christopher Lehmann-Haupt, *Simon Michael Bessie, a Publisher of Major Literary Figures, Dies at 92*, N.Y. TIMES (Apr. 8, 2008), <https://perma.cc/7USX-VRRR>. He also served as Chair of the AAP's Freedom to Read Committee.

This complex heritage has been honored—and its contours provocatively discussed—by prior Manges lecturers spanning the federal judiciary, members of Congress, three Registers of Copyright, numerous scholars in the field—including Bob Gorman, and international copyright experts, among others.

An important dimension of this copyright matrix not yet explored in this setting is the central role practicing attorneys have played in the continuing evolution of copyright law.

Whereas the pace of legislative change in copyright law is glacial, its evolution via court decision and evolving commercial practice is continual. And it is the practicing bar: who are confronted with myriad real world, time sensitive applications of this body of law; who create the factual records and who brief and argue the legal issues that undergird judicial decisions in the field; who negotiate complex license agreements in reliance on understandings of copyright law with broad consequences for the dissemination of works of creative expression; and who, like Horace Manges, represent the spectrum of affected parties and industries in the halls of Congress, before the Copyright Office, Justice Department, Office of the Solicitor General, and other relevant federal agencies on all matters relating to copyright.

Not limited to copyright, those of us in private practice tend to take our cases—and usually our clients—as we find them. In my own experience, applied to the copyright sphere, this intellectual flexibility has had enormous advantages. I say this because, to be effective counselors and advocates, copyright practitioners need fully to appreciate the balancing act that is copyright law.

It is a truism that copyright serves the twin purposes of stimulating creative expression while enabling the public to benefit from the widest possible dissemination of information.¹² But application of that balancing in the real world tends to be messy. Important cases rarely lend themselves to a cut-and-dried legal analysis.

For those of us who litigate, the ability to assist the court in distilling the critical issues; to explain how and why the desired result comports with norms of copyright law; and to fashion tailored relief all are maximized with the benefit of the rounded experience provided by exposure as a counselor and advocate to the range of legitimate copyright perspectives.

12. See, e.g., *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) (“[Congress’s power to promote the Progress of Science and useful Arts] is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.”); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (“The limited scope of the copyright holder’s statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting the broad public availability of literature, music, and the other arts.”); *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (“The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors . . .”).

In my own career, these needed skills have been tested in a series of remarkably interesting assignments, often involving issues of first impression with important consequences for the immediate parties as well as for a broad array of rights owners, users of copyrighted materials, and intermediaries who facilitate commerce in copyrighted works.

Often, these disputes implicate a pre-Internet age statute in tension with the imperatives of ever-more-complex technology. As I will further discuss, those imperatives are not to be underestimated.

The challenging issues my colleagues and I have taken on over the years include:

—Protecting book publishers and their authors from having their intellectual property diminished in value as a result of digital exploitation. I have in mind here the two eBooks cases we litigated on behalf of Random House and HarperCollins,¹³ as well as the ongoing Georgia State “e-reserves” litigation;¹⁴

—Helping the Copyright Clearance Center build, at the invitation of Congress,¹⁵ a vibrant, market accepting clearinghouse to meet the needs of copyright owners and users alike. This innovative intermediary enables the lawful photocopying and now digital reproduction of excerpts from scientific, technical, and medical journals and myriad other works;

—Representing the First Amendment arm of the AAP in negotiations with its then copyright counsel, Jon Baumgarten, over an amicus brief seeking to strike the appropriate fair use balance in the seminal U.S. Supreme Court case, *Harper & Row Publishers v. Nation Enterprises*;¹⁶

—Navigating the treacherous shoals of the fair use doctrine in countless other settings—old media and new—on behalf of copyright owners and users alike;

—Protecting Bertelsmann, a good-faith lender, to Napster, a troubled Internet startup, from becoming ensnared in multibillion dollar infringement exposure as an alleged contributory infringer;¹⁷

13. *Random House, Inc. v. Rosetta Books LLC*, 150 F. Supp. 2d 613, 614 (S.D.N.Y. 2001) (denying plaintiff's motion for a preliminary injunction to prevent defendant from selling eight specific works in e-book format), *aff'd*, 283 F.3d 490 (2d Cir. 2002); *HarperCollins Publishers, Inc. v. Open Road Integrated Media, LLP*, 7 F. Supp. 3d 363, 373 (S.D.N.Y. 2014) (finding that plaintiff's contractual right to publish a work in “book form” included the exclusive right to license e-book publication).

14. *Cambridge Univ. Press v. Becker*, 863 F. Supp. 2d 1190 (N.D. Ga. 2012), *vacated sub nom*; *Univ. Press v. Patton*, 769 F.3d 1232 (11th Cir. 2014), *remanded to Cambridge Univ. Press v. Becker*, No. 1:08-CV-1425-ODE, 2016 WL 3098397 (N.D. Ga. Mar. 31, 2016), *aff'd in part, vacated in part sub nom*. *Cambridge Univ. Press v. Albert*, 906 F.3d 1290 (11th Cir. 2018). For further discussion on the Georgia State “e-reserves” litigation, see Part V, *infra*.

15. See S. REP. NO. 94-473 (1975).

16. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1984); Brief for Association of American Publishers, Inc. as Amici Curiae Supporting Appellants, *Harper & Row*, 471 U.S. 539 (1984) (No. 83-7277).

17. See Complaint, *Capitol Records v. Bertelsmann AG*, No. 1:03-cv-04074 (S.D.N.Y. June 4, 2003); Complaint, *UMG Recordings, Inc. v. Bertelsmann AG*, No. 1:03-cv-03338 (S.D.N.Y. May 12, 2003); Amended Complaint, *Leiber v. Bertelsmann AG*, No. 1:03-cv-01903 (S.D.N.Y. Apr. 25, 2003). All three cases were eventually settled prior to any merits determinations.

—Helping shape the contours of secondary copyright liability as applied to e-commerce marketplaces like eBay that do not themselves sell, possess, inspect, or—absent notice from copyright or trademark owners—have knowledge of the bona fides of the items listed for sale on their sites;¹⁸

—Working in the intersection of copyright and antitrust law to ensure that music license collectives such as ASCAP and BMI do not over-exercise their considerable market power.¹⁹

These and other engagements have taught me that practicing copyright is more art than science. While there is an immutable core of copyright precepts that help guide counseling and shape litigation outcomes, the kinds of issues we have confronted have invariably presented zones of grey that can make predicting outcomes hazardous.

One learns from experience—as we did in the *Barclays Capital v. Theflyonthewall.com* litigation²⁰—that even highly intelligent judges can reach dramatically different conclusions on controversial issues of copyright law. In that case, at issue was the intersection of copyright preemption and the “hot news” misappropriation tort in the digital age.

That has been both the challenge and the thrill of practicing in this field: the opportunity to face new, and sometimes novel, issues implicating important lines of commerce; the need for creativity in our approaches to resolving them; and the ability to shape the future direction of copyright law in the process.

For those law students attending who are considering practicing copyright law, I cannot think of a more exciting or dynamic area of the law. These very uncertainties; the room for creative lawyering; and the opportunity to grapple with how new technologies and myriad new ways of harvesting, disseminating, and ingesting content that affect all of our lives intersect with the norms of copyright law, can offer a rich and rewarding professional experience.

I do suggest, however—especially if you are contemplating litigating in the field—that you develop a cast iron stomach!

I must add that I have been fortunate to have beside me throughout a brilliant and dedicated team of lawyers who understand the law as well as I do, and certainly the technology involved far better than I. Fortunately, as well, they have exercised the sound judgment to pull me back from many an analytical abyss into which I would otherwise have fallen without their clearheaded thinking.

18. See, e.g., *Rosen v. eBay, Inc.*, No. CV 13-6801, 2015 WL 1600081 (C.D. Cal. Jan. 16, 2015); *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff'd in part, rev'd in part*, 600 F.3d 93 (2d Cir. 2010).

19. See, e.g., *United States v. Broad. Music, Inc.*, 275 F.3d 168 (2d Cir. 2001); *United States v. Am. Soc'y of Composers, Authors & Publishers*, 782 F. Supp. 778 (S.D.N.Y. 1991), *aff'd per curiam* 956 F.2d 21 (2d Cir. 1992); *Am. Soc'y of Composers, Authors & Publishers v. Showtime/The Movie Channel, Inc.*, 912 F.2d 563 (2d Cir. 1990).

20. *Barclays Capital, Inc. v. Theflyonthewall.com*, 700 F. Supp. 2d 310 (S.D.N.Y. 2010), *rev'd in part sub nom. Barclays Capital Inc. v. Theflyonthewall.com, Inc.*, 650 F.3d 876 (2d Cir. 2011).

III. COPYRIGHT AND COLLECTIVE LICENSING ARRANGEMENTS

Effectively practicing copyright law entails understanding not only the various policy interests that undergird it. It also requires sensitivity to the interests sought to be served by other important bodies of law, notably among them, antitrust law. Nowhere is this better exhibited, in my experience, than in connection with collective copyright licensing arrangements.

As a society, we value not only the fruits of intellectual creation, but the norms of competition as well. While copyright confers a degree of market power on each copyright owner in controlling commercialization of his work, antitrust law plays an important role in examining the pro versus anticompetitive effects of arrangements implicating multiple copyright owners acting collaboratively in licensing their rights.²¹

Little did I know in my early practice years that I would become an expert in this intersection of copyright and antitrust, let alone in distinctly diverse settings. One area of representation is an array of media clients in their dealings with the major music performing rights organizations, ASCAP and BMI the largest among them. A second is our work with the Copyright Clearance Center in its unique role representing the interests of rights holders and users alike in developing licensing solutions enabling the lawful reproduction and other reuses of copyrighted textual and other works.

Both settings involve collective licensing arrangements. In ASCAP's and BMI's case, blanket, repertory wide licenses to the millions of musical works owned by affiliated composers and music publishers enable licensees to publicly perform those works at prices set by the PRO. With regard to CCC, repertory licenses to the works of thousands of publishers of scientific, technical, and medical journals along with myriad other publications permit corporate, academic, and other users to reproduce portions of those works for prescribed purposes at license prices set by CCC.

The inherent market power possessed by ASCAP and BMI in licensing millions of copyrighted compositions and the potential for its abuse have long been recognized. This concern is exemplified by a long history of government, and later private, antitrust litigation, and by the government fashioned antitrust consent decrees that regulate significant aspects of their business to this day.²²

21. *See, e.g.*, *Broad. Music, Inc. v. Columbia Broad. Sys., Inc.*, 441 U.S. 1, 24–25 (1979) (finding that blanket licensing agreements of ASCAP and BMI were not per se violations of the Sherman Act, but “should be subjected to a more discriminating examination under the rule of reason.”); *Meredith Corp. v. SESAC LLC*, 1 F. Supp. 3d 180 (S.D.N.Y. 2014).

22. The Government commenced antitrust litigation against ASCAP and BMI in their early years over concerns about the potential anticompetitive effects of their collective licensing arrangements. *See United States v. Am. Soc’y of Composers, Authors, & Publishers*, 1941 Trade Cas. (CCH) P56,104 (S.D.N.Y. 1941); *United States v. Broad. Music, Inc.*, 1940-43 Trade Cas. CCH P56,096, 381 (E.D. Wisc. 1941). The lawsuits were settled in favor of ASCAP and BMI entering into antitrust consent decrees which have been periodically amended over the years. *See, e.g.*, *United States v. Am. Soc’y of Composers, Authors & Publishers*, No. 41-1395, 2001 WL 1589999 (S.D.N.Y. June 11, 2001); *United*

In its earliest applications, the PRO blanket license enabled licensing markets to operate efficiently by providing licenses covering spontaneous public performances of the licensed music to individual copyright owners who could not feasibly monitor this usage. As colorfully described by the Supreme Court in *BMI v. CBS*, these were performances of a type involving “the disk-jockey’s itchy fingers and the bandleader’s restive baton.”²³

But what are the competitive virtues of such collective licensing where, instead of enabling copyright compliant markets, the blanket license may be seen as impeding competition on price that could and would occur between and among individual rights owners to have their works performed? One example is found in the licensing of the music incorporated in pre-recorded television programming, where program producers could, at the time of program creation and music selection—but generally do not—invoke such a competitive licensing process. Downstream broadcasters have been left instead with the obligation to obtain blanket licenses in order to air these programs at a time and in a posture where they have no practical alternative.

On behalf of an array of media clients, we have been vigorous advocates for limiting the potential anticompetitive effects of PRO blanket licenses in these and similar circumstances.²⁴ My friends on the other side of this debate—including a number in the room tonight—ably represent the PRO perspective in such matters. As advocates, we regularly disagree, but we manage to do so agreeably.

Together with the more recent sound recording performance rights landscape, it is a fascinating area of copyright law with interesting chapters yet to be written.²⁵ The field poses constant challenges for practitioners in the face of new technology, new platforms for music distribution, new PRO entrants, and competing rights claimants for what is a limited royalty pool.

Then there are CCC’s circumstances.

CCC can legitimately claim to have sprung from Congress’ bosom. The Senate report accompanying the enactment of the 1976 Copyright Act recommended formation of a neutral clearinghouse to address the nettlesome issues posed by photocopying technology.²⁶ In its first—and to date only—foray into the topic, the

States v. Broad. Music, Inc., No. 64-3787, 1994 WL 901652 (S.D.N.Y. Nov. 18, 1994). A series of private antitrust suits have been generally resolved in ASCAP’s and BMI’s favor—at least in part based on the regulatory influence of these consent decrees. See *Columbia Broad. Sys.*, 441 U.S. at 13; *Buffalo Broad. Co. v. Am. Soc’y of Composers, Authors & Publishers*, 744 F.2d 917 (2d Cir. 1984). But see, *Meredith*, 1 F. Supp. 3d at 185.

23. *Columbia Broad. Sys.*, 441 U.S. at 22 n.37 (quoting Sigmund Timberg, *The Antitrust Aspects of Merchandising Modern Music: The ASCAP Consent Judgment of 1950*, 19 L. & CONTEMP. PROBS. 294, 297 (1954)).

24. See, e.g., *Broad. Music, Inc.*, 275 F.3d at 168; *Am. Soc’y of Composers, Authors & Publishers*, 782 F. Supp. at 778; *Showtime/The Movie Channel, Inc.*, 912 F.2d at 563.

25. See Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (1995) (amending §106 and §114 to title 17, United States Code, to provide an exclusive right to perform sound recordings publicly by means of digital transmissions). A series of rate-setting proceedings for webcasters and satellite radio providers, among others, have ensued under this legislation in which Weil has been active.

26. See S. REP. NO. 94-473, at 82 (1975).

Supreme Court had, in *Williams & Wilkins Co. v. United States*, split down the middle—4 to 4 with Justice Blackmun not participating—on the fair use issues posed by unlicensed photocopying undertaken by the National Institutes of Health and National Library of Medicine.²⁷

CCC was organized out of a collaboration of authors, publishers, and users to mitigate the foreseeable ongoing legal tensions surrounding the lawful bounds of unlicensed photocopying. The hope was that CCC, working collaboratively with these communities of interest, would bring to the market workable solutions: copyright licenses acceptable to rights owners and users alike that would avoid costly and industry disruptive infringement litigation testing fair use boundary lines.

CCC opened its doors in 1978, the effective date of the 1976 Act. I began counseling the organization in 1980.

In its early years, CCC struggled to implement a license mechanism that, in combination, enabled large corporate users to comply with copyright law, that allowed publishers (mainly of STM journals) to set the photocopy fees they sought, that did not cumulatively generate what large users might consider prohibitively high royalties, and that was administratively feasible for all concerned.

It proved to be quite a task. CCC began by offering transactional licenses under an “honor system” that entailed users voluntarily tendering payments to CCC on a publisher prescribed, cents-per-copy basis at rates displayed on the cover pages of participating journals. The costs of operating such a system, together with the modest royalties generated, nearly doomed the organization.

After experimenting with other license formats, and after obtaining buy-in from key rights owners, CCC decided to develop a repertory license the pricing of which would be set by CCC itself, reflecting its best judgment as to the fair-market value of the bundle of rights conveyed.

The antitrust history surrounding the music performing rights organizations provided a critically important backdrop to development of this new license. To minimize risks, our firm sought a business review clearance from the Justice Department's Antitrust Division. As it turns out, the matter landed on the desk of the same division staffers who were considering competitive issues presented by the music PROs. I believe expressly to torture me, the government staffer leading the review asked that we provide the government with an explanation as to how and why the proposed CCC license did not raise similar antitrust concerns as were posed by the ASCAP and BMI arrangements under review.

Our response included that a CCC repertory license was desired by rights holders and major corporate users alike; that it was transactionally more efficient than the license mechanisms that preceded it; that it was likely to generate lower cumulative fees than the license formats that preceded it; and that CCC as non-exclusive licensing intermediary would both preserve the ability of users to contract with individual rights holders and would itself maintain alternative licenses conveying

27. *Williams & Wilkins Co. v. United States*, 420 U.S. 376 (1975).

rights at prices set by those rights holders, such that no user would feel obligated to take a repertory license.

The explanations we provided proved satisfactory. The government issued the requested business review clearance.²⁸ This breakthrough ushered in an era of tremendous growth and overall success for CCC, which continues to this day.

In our music license representations, our firm has been criticized for advocating positions that are “anti-copyright,” on the apparent premise that copyright exists primarily to protect the interests of rights holders. Conversely, our forceful advocacy on behalf of book and journal publishers to prevent over-extension of the fair use doctrine has been criticized as *overweighting* the interests of rights owners. Most recently, in the *Georgia State University* litigation,²⁹ this criticism posited that the very ability of institutions of higher education to fulfill their pedagogical missions would be impaired by a ruling that affording entire classes of students digital copies comprising significant takings of works of scholarship exceeds fair use boundaries.

My perspective is different, and is grounded in two basic considerations. First is the need for nuanced application of copyright law, attuned to particular fact and market settings. The right copyright outcome does not always fall on the same side of the rights owner/user divide. Second, illustrated by my experience with the Department of Justice, is the need for doctrinal consistency across one’s advocacy. In articulating positions before courts and government agencies, there is nothing more embarrassing or diserving of one’s clients than to have your prior, inconsistent advocacy on behalf of another client quoted back. The art of practicing copyright law requires avoiding those “gotcha” moments.

IV. COPYRIGHT AND ADVANCING TECHNOLOGY

As copyright practitioners, we are challenged as never before to sort out the correct answer *today*, as the law stands, from what one may conceive to be the normatively correct one. The pace of technological change has tested the bar’s and the judiciary’s ability to maintain that distinction, as more and more copyright issues arise in circumstances not—certainly expressly—contemplated by a statute many of whose foundational elements date back to 1976 and antecedent decades of legislative gestation.

The process of distilling down the salient issues, whether for purposes of rendering advice or for preparing and litigating cases, has become an increasingly complicated one, principally because of the architecture of digital technology. We find ourselves working more and more, not simply with the client’s lawyers and business people, but as well with their IT and engineering teams, to understand the technology that will have important, if not dispositive, impact in reaching the correct copyright law answers.

To be clear, when I use the word “correct,” I mean faithful to copyright law as it is written today. That can be different from one’s views as to what the answer *should*

28. Letter from Anne K. Bingaman, Assistant Attorney General, Antitrust Division, to author (Aug. 2, 1993) (on file with author).

29. See Part V, *infra*.

be viewing copyright principles through a broader policy lens or by presuming what Congress would have intended had the facts and technology at hand been before them at the time the law was written.

This tension has spawned much debate as to how capable our current copyright law is in providing sound answers to issues including: which aspects of digitally disseminated content implicate one or more of Section 106's exclusive rights of reproduction, distribution, public display, and public performance; the application of the first sale doctrine to electronic dispositions of used copyrighted works; and the proper conception of—and interplay between—fair use factor one's "transformative use" and factor four's market harm tests.

While it is fascinating to follow the debate as to which aspects of the law as written require amendment—and I dutifully reference Maria Pallante's 2013 Manges lecture entitled "The Next Great Copyright Act"—for those of us handling truly novel applications of copyright law to given sets of facts, the debate is generally unhelpful.³⁰ We are faced with providing advice and developing litigation records in real time and with the necessity of arguing how *existing* copyright law supports our clients' positions.

How do these issues come up in real world applications?

Take the example of streamed content by a digital audio music service to end users who, let us stipulate, have no ability to download and store copies of the musical works or sound recordings—just the ability to listen in real time. Is the music service streaming such content liable solely for the public performances of the music that admittedly occur when users listen to its content? Or, do the acts of incidental, internal copying in the nature of buffering that accompany and technologically enable these streams potentially give rise to separate and additional liability?

Assuming one is able to identify instances of copying in relation to such transmissions, for how long must that copy be maintained for it to satisfy the Act's fixation requirement? Namely, when is its embodiment in a tangible medium of expression, in the words of the statute, "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration[?]"³¹

Where any acts of otherwise actionable copying may be identified in the streaming setting, is there a fair use defense to liability for such copying? The equitable basis for such argument is that there is no separate economic value attached solely to such incidental copying, which is merely a technological artifact of streaming—that, generally, the same copyright owners who would receive royalties

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

31. 17 U.S.C. § 101. *See, e.g.*, *Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 607, 621 (S.D.N.Y. 2007) (finding temporary buffer copies to be "fixed"), *rev'd in part sub nom. Cartoon Network, LP v. CSC Holdings, Inc.*, 536 F.3d 121, 129 (2d Cir. 2008) (concluding that temporary buffer copies are not fixed because no data remains in the buffer for more than 1.2 seconds), *cert. denied*, 557 U.S. 946 (2009).

from such reproductions would already be entitled to receive public performance income from the streaming activity.³²

A recent interesting twist on these issues was presented in litigation over the licensing of performances in pre-1972 sound recordings. We represented both Sirius XM, for a time, and Pandora Media in that series of lawsuits, several of which are still ongoing.³³

The primary issue posed is whether there exists under various state laws, including in New York, California, and Florida, a right of public performance in sound recordings made prior to February 15, 1972, the date as of which federal copyright protection for sound recordings began.

These lawsuits also, however, have asserted common law claims of unlawful copying accompanying the streaming and satellite transmissions of such sound recordings.

The record industry has not fared well in these cases. Both the New York Court of Appeals and the Supreme Court of Florida have ruled that no such public performance right exists in their state.³⁴ California, which implicates a statute that might call for a different result, has yet to weigh in at the appellate level.³⁵

Of note for the present discussion, the Second Circuit, to which the case returned following the New York Court of Appeals' determination that no pre-1972 public performance right exists under New York law, dismissed the ancillary copying claim, effectively on fair use grounds.³⁶ It held that the state's highest court's determination "whether the *ultimate* use of the internal copies is permissible" was "determinative" of the copying claims as well.³⁷ The Florida Supreme Court, citing the Second Circuit, agreed.³⁸

These rulings are commonsensical. To have ruled otherwise would have had the effect of permitting the plaintiffs to circumvent the conclusion that there exists no compensable performance right by conditioning such performances on payment of the demanded fees for the attendant incidental copying of the works involved.³⁹

Then there has been posed the converse issue: does a download of copyrighted content, say, a music file, implicate not merely the reproduction, but also a public performance of the underlying work? ASCAP so argued in litigation over the rates

32. See U.S. COPYRIGHT OFFICE, DMCA SECTION 104 REPORT, at 144–46 (2001).

33. See *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, No. 13-5693 PSG, 2014 WL 4725382 (C.D. Cal. Sept. 22, 2014), *appeal docketed*, No. 17-55844 (9th Cir. June 15, 2017).

34. See *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 229 So.3d 305 (Fla. 2017); *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 70 N.E.3d 936 (N.Y. 2016).

35. See *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, No. 13-5693 PSG, 2014 WL 4725382 (C.D. Cal. Sept. 22, 2014), *appeal docketed*, No. 17-55844 (9th Cir. June 15, 2017).

36. *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 849 F.3d 14, 16 (2d Cir. 2017).

37. *Id.* (emphasis added).

38. *Flo & Eddie, Inc.*, 229 So.3d at 320.

39. Subsequent to this lecture, as part of the Musical Modernization Act (the "MMA"), enacted October 11, 2018, Congress addressed the licensing of pre-1972 sound recordings. See Pub. L. No. 115–264, §202(a)(1). Title II of the MMA extends copyright protection to pre-1972 sound recordings on essentially the same terms as post-1972 sound recordings, preempting state and common law claims. *Id.*

it could charge certain online services for their public performances of music. Our firm represented the affected music services.⁴⁰

At first, and I would argue even at second, blush, the answer would seem to be no. Section 101 of the Act prescribes that to perform a work is to recite, render, play, dance, or act it—strongly intimating the ability of a listener to experience a performance of the work in real time—to perceive it contemporaneously. This is not the case with a traditional download, where no such contemporaneous rendering of the work takes place.

ASCAP pointed to language in the Act's definition of what constitutes a *public* performance—"to transmit or otherwise communicate a performance . . . of the work"—as support for its position.⁴¹ Its argument was that downloads constitute transmissions of works *embodying* performances of music.

The affected services, supported by amici from the digital music, motion picture, and entertainment software industries, countered that adoption of ASCAP's position improperly would entitle music publishers to two bites of the same economic apple: the first, by deriving synchronization and mechanical royalties from downloads of their works; the second, as their distributive share of ASCAP proceeds from any public performances deemed to have taken place *during those same downloads*.

The Second Circuit concluded that the downloads implicated do not involve public performances of the embedded copyrighted content. It found, first, that a statutory definition of what constitutes a "public" performance does not answer the threshold issue of what constitutes a performance in the first place; and second, that a transmittal of a work embodying a performance is not equivalent to a contemporaneous performance of the work itself, as the statutory language anticipates.⁴²

While I am a strong proponent of crafting arguments that comport with the dictates of common sense, that norm does not always prove consonant with copyright outcomes. A series of recent decisions demonstrates the complexity of harmonizing the wording of statutory text and the workings of new technology with intuitively logical outcomes.

A great example is *Capitol Records, LLC v. ReDigi Inc.*—a case that captures the fancy of every class I teach.⁴³ When I buy a CD—or used to—the first sale doctrine permits me to relinquish possession of it and transfer ownership to whomever I please with no obligation to the owner of the sound recording. But what if I join an e-music club that allows me to upload that CD to the e-music club's server, then sell it to other club members via digital transfer? Is that transaction similarly protected by the first sale doctrine?

40. *United States v. Am. Soc'y of Composers, Authors & Publishers*, 559 F. Supp. 2d 332 (S.D.N.Y. 2008), *aff'd in part, vacated and remanded in part*, 627 F.3d 64 (2d Cir. 2010).

41. 17 U.S.C. § 101 (Westlaw through Pub. L. No. 115-281).

42. *United States v. Am. Soc'y of Composers, Authors & Publishers*, 627 F.3d 64 (2d Cir. 2010).

43. *Capitol Records, LLC v. ReDigi Inc.*, 934 F. Supp. 2d 640 (S.D.N.Y. 2013), *aff'd*, 910 F.3d 649 (2d Cir. 2018).

Under the rationale of Judge Sullivan's S.D.N.Y. *ReDigi* decision, the answer is likely no. At the outset, the court described the lawsuit as one against a "twenty-first century technology company" implicating "a fundamental clash over culture, policy, and copyright law."⁴⁴ The issue posed was whether transactions enabled by an Internet service that allowed users to sell legally acquired digital music files to other subscribers—in the process, relinquishing possession of the seller's own music file—were protected by the first sale doctrine as codified in Section 109 of the Act. Plaintiff Capitol Records argued instead that such transactions implicated the making of additional copies of its sound recordings and hence infringed upon its copyright rights.

Reflecting the high level of interest in the case and the larger policy debate surrounding digital resales of copyrighted works, the district court pointedly observed, "because this is a court of law and not a congressional subcommittee or technology blog, the issues are narrow, technical and purely legal."⁴⁵

Judge Sullivan's analysis was purely technical to a fault.

The court concluded that the process by which a music file was transferred from seller to buyer under ReDigi's system distinguished such a transaction from the sale of a book or CD.⁴⁶ This was so, the court found, because a music file transfer via ReDigi's platform did not simply involve the physical transfer of a material object containing the copyrighted work. Rather, it involved two reproductions: first, a seller was required to upload its music file onto ReDigi's server, an act of copying; and second, the purchaser downloaded the file to her own computer—also an act of copying.

To the court it mattered not that, in the end, only one material object embodying the musical work was to remain accessible. The first sale doctrine was held not to protect such transactions for three reasons: first, Section 109 does not protect reproductions, only distributions, of works;⁴⁷ second, the copy transferred (the reproduction contained on ReDigi's server) was not lawfully made;⁴⁸ and finally, the seller's own copy was not the one being distributed.⁴⁹

The court rebuffed ReDigi's and supporting amici's arguments that the advent of technology had made application of the first sale doctrine ambiguous, and that important policy interests supported permitting the challenged activity. Whatever the strength of those policy arguments, the court responded, the language of the statutory provisions was not ambiguous; courts are ill-suited to resolve policy debates of this sort; and it was for Congress to ordain a different result.⁵⁰

The case was argued on appeal to the Second Circuit during the summer of 2017. A review of the briefing and extensive oral argument serves to underscore the technologically complex facts involved—including disputes over exactly how the

44. *Id.* at 645.

45. *Id.*

46. *Id.* at 657.

47. *Id.* at 648.

48. *Id.*

49. *Id.* at 649–50.

50. *Id.* at 655.

digital music files were transferred and whether digital music files themselves constitute material objects within the meaning of the Act.

The import of the case appears not to be lost on the Second Circuit panel, which included inaugural Manges lecturer Jon Newman⁵¹ as well as Pierre Leval.⁵² The panel signaled their view that this one may be headed for Supreme Court review.⁵³

The chambers of one of Judge Sullivan's colleagues, Judge Forrest, recently produced a copyright decision that delights my friend Ken Norwick, in attendance here, and that, to my reading, resolves this difficult balancing between a faithful-to-statutory-text analysis versus what the court may nonetheless perceive to be a result consonant with the purposes of the Copyright Act in a different manner.

Goldman v. Breitbart News involved a test of the application of the public display right to "embedded"—that is, in-line linked—images.⁵⁴ Specifically at issue was the liability of news organizations for embedding onto their websites a copyrighted photo of sports star Tom Brady that had gone viral on the internet. The process of embedding did not involve any acts of downloading, copying, or storage of the photo on the part of the defendants. Instead, it involved coding their websites so as to direct the user's browser to a third-party server—here, Twitter—to retrieve the image and make it visible in full size, without the need to click on a hyperlink or a thumbnail.

In her own telling opening, Judge Forrest wrote:

When the Copyright Act was amended in 1976, the words 'tweet,' 'viral,' and 'embed' invoked thoughts of a bird, a disease, and a reporter. Decades later, these same terms have taken on new meanings as the centerpiece of an interconnected world wide web in which images are shared with dizzying speed over the course of any given news day.⁵⁵

In a controversial opinion, the court went on to rule that the defendant news organizations' embedding of the Brady photo *did* constitute a public display within the meaning of Section 106(5) of the Act. In so holding, the court rejected application of the so-called server test, most prominently adopted by the Ninth Circuit, which would have called for the opposite conclusion.⁵⁶

The server test looks to where the image is stored and from where it is served—here, Twitter. Drawing support from the Act's definitions of the terms "display" and

51. Hon. Jon Newman delivered the first Manges Lecture in 1988. *The Annual Horace S. Manges Lecture*, *supra* note 1.

52. Hon. Pierre Leval delivered the 16th Manges Lecture in 2003. *Id.*

53. Oral Argument at 9:40, *Capitol Records v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018) (No. 16-2321), <https://www.courtlistener.com/audio/31413/capitol-records-llc-v-redigi/>. The Second Circuit has since handed down its opinion, affirming the district court's grant of summary judgment for Capitol Records and holding that ReDigi infringed on Capitol Records' exclusive rights to reproduce copyrighted works. *Capitol Records, LLC v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018).

54. *Goldman v. Breitbart News Network, LLC*, 302 F. Supp. 3d 585 (S.D.N.Y. 2018).

55. *Id.* at 585–86.

56. *See, e.g., Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1159 (9th Cir. 2007).

“copy,” the server test absolves from liability under Section 106(5) web sites to which the image is communicated but which do not themselves store it.

Concluding that “the physical location and/or possession” of an image does not determine who has displayed it within the meaning of the Act, the court in *Goldman* found that where, as here, the defendants had taken active steps to put in place a *process* that deliberately enabled the image to be visibly shown, they had engaged in a public display of that image.

Despite professing to find support for its conclusion in the actual statutory text, betraying some doubt on that score is the support for its reasoning the court derived from the Supreme Court’s 2014 *American Broadcasting Companies, Inc. v. Aereo, Inc.* decision.⁵⁷ It cited approvingly what it characterized as that Court’s refusal to absolve Aereo from public performance liability “based upon purely technical distinctions.”⁵⁸ In *Aereo*, the Supreme Court found that certain technical details of Aereo’s operations invisible—and of no meaning—to broadcasters and subscribers did not save Aereo from copyright liability. So, too, per the district court in *Goldman*, “mere technical distinctions invisible to the user should not be the lynchpin on which copyright liability lies.”⁵⁹

What would Judge Sullivan say to that? Was ReDigi’s architecture not equally invisible to users? Are the two approaches reconcilable?

Judge Forrest turned to the ‘76 Act’s legislative history for her capacious reading of the reach of the display right, citing language from the House Report stating that Congress did “not intend to freeze the scope of copyrightable subject matter at the present stage of communications technology.”⁶⁰

Justice Scalia’s dissenting opinion in *Aereo*, in contrast, argued that “the proper course is not to bend and twist the Act’s terms in an effort to produce a just outcome, but to apply the law as it stands and leave to Congress the task of deciding whether the Copyright Act needs an upgrade.”⁶¹ He drew support from the court’s earlier *Sony* decision, which opined that “it may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written.”⁶²

Who is right? What guidance does this provide us as practitioners? Does a consistent application of copyright law provide two distinct paths for copyright owners to successfully prosecute new technology infringement claims? One approach, as in *ReDigi*, and as would appear to find support in Justice Thomas’ opinion for the court in *Star Athletica, LLC v. Varsity Brands, Inc.*⁶³ asserts the importance of a strict parsing of the legislative text, irrespective of potentially anomalous results. The other approach, as could be said to be manifested in *Goldman* and *Aereo*, prioritizes avoiding the potential harm to copyright owners occasioned

57. *Am. Broad. Cos., Inc. v. Aereo, Inc.*, 134 S. Ct. 2498, 2500 (2014).

58. *Goldman*, 302 F. Supp. at 594.

59. *Id.* at 595.

60. *Id.* at 589 (citing H.R. REP. NO. 94–1476, at 47, 51 (1976)).

61. *Aereo*, 134 S. Ct. at 2518 (Scalia, J., dissenting).

62. *Id.* (citing *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 456 (1984)).

63. *Star Athletica, LLC v. Varsity Brands, Inc.*, 137 S. Ct. 1002, 1005 (2017).

by permitting the invisible workings of technology or clever technology work-arounds, however defensible on the face of the statute, to stand in the way of the seemingly right copyright result.

When Judge Forrest certified her ruling to the Second Circuit, she highlighted the “knotty legal problem” presented as well as the “tremendous uncertainty” it has created for online publishers.⁶⁴

V. FAIR USE IN THE DIGITAL AGE

Speaking of mixed judicial messages, a few observations about the fair use cases that continue to arise in technology-enabled settings.

I was schooled in the traditional conception of fair use as a limited exception to the exclusive rights of copyright owners to control the exploitations of their works—a doctrine prototypically invoked in instances where the user borrowed a limited amount of an author’s expression and made productive use of it by adding creative expression of her own for purposes of comment, criticism, news reporting, parody, or the like. Uses that added nothing to the original expression—that merely slavishly copied it—generally were regarded as falling outside of fair use parameters.⁶⁵

Underlying this fair use fault line was the general conception that productive uses of the type envisioned were not only socially beneficial, but, as a general matter, were unlikely to interfere in the borrowed-from author’s exploitation of his work, as they would not satisfy the demand for the original. Conversely, takings that did no more than “supersede the originals” were understood to risk market impairment to an unacceptable degree.⁶⁶

This understanding was articulated in the Supreme Court’s 1994 *Campbell v. Acuff-Rose Music, Inc.* decision. There, the Court, borrowing from prior Manges lecturer Pierre Leval’s seminal Harvard Law Review article,⁶⁷ characterized quintessential fair uses as those that “add something new, with a further purpose or different character, altering the first with new expression, meaning or message; the inquiry asks, in other words, whether and to what extent the new work is “transformative.”⁶⁸

In the years that have followed, as Jane Ginsburg and others have observed, the defendant who has been able to demonstrate such a transformative use has virtually

64. Memorandum Decision & Order certifying the Court’s February 15, 2018 Opinion for Interlocutory Appeal, *Goldman v. Breitbart News Network, LLC*, No. 17-cv-3144 (S.D.N.Y. Mar. 9, 2018). The Second Circuit subsequently declined to accept the appeal at this interlocutory stage of litigation. See No. 18-910 (2d Cir. July 17, 2018).

65. See, e.g., *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 540–41 (1985); *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 926 (2d Cir. 1994).

66. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (citing *Folsom v. Marsh* 9 F. Cas. 342 (no. 4,901) (CCD Mass. 1841)).

67. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

68. *Campbell*, 510 U.S. at 579.

always prevailed in her fair use defense.⁶⁹ This should not be surprising to the extent that such a finding is grounded in uses “that add something new” to the original, imbuing it with “a further purpose or character.” It logically follows that uses meeting those criteria are less likely to fulfill demand for the originals.

Straightforward, right?

No longer.

Beginning with the Ninth Circuit’s 2002 opinion in *Kelly v. Arriba Soft Corp.*,⁷⁰ conceptions of transformative use have dramatically evolved. Without doubt, the impetus for this change has been the revolutionary opportunities the Internet and digital technology have presented to search for, retrieve, organize, and index vast quantities of text and images, and the perceived societal benefits flowing therefrom.

Kelly v. Arriba Soft involved an Internet service provider (ISP) that crawled the web for images to index. In terms of copyright interests, it downloaded (i.e., copied) these images and displayed them in thumbnail format to its subscribers.

Tested against prevailing norms of transformative use, this ISP’s activities would seem not to have passed muster. After all, they implicated exact, unaltered copying of entire originals of these images, modified only to the extent they were presented in a different medium.

Breaking new ground, however, the Ninth Circuit held that the ISP’s uses of the images were transformative insofar as they served an *entirely different function* than the originals. Whereas the plaintiff photographer’s images were “artistic works intended to inform and engage the viewer in an aesthetic experience,”⁷¹ the defendant’s use was unrelated to any aesthetic purpose and instead was part and parcel of a search engine’s function to act as “a tool to help index and improve access to images on the internet and their related web sites.”⁷²

Bookending this finding with its factor four market harm conclusion that Arriba Soft’s activities, if anything, served to draw business to the plaintiff by directing traffic to his website, the court held this web scraping activity to be a fair use.

The *Kelly* decision was, at the time, viewed by many—myself included—as an outlier that threatened to rip the conception of transformative use from its moorings and open the door to a vast, potentially uncontrollable, Internet-driven expansion of the reach of the fair use doctrine.

Where, on the facts presented in *Kelly*, was the added *authorial* contribution in the nature of comment, criticism or the like? What new expression, meaning or message had been added to the original by the defendant? What were the logical limits to the court’s analysis?

69. Jane C. Ginsburg, *Fair Use for Free, or Permitted-but-Paid?*, 29 BERKELEY TECH. L.J. 1383, 1400 (2014).

70. *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2002).

71. *Id.* at 818.

72. *Id.*

The subsequent *Perfect 10, Inc. v. Amazon.com, Inc.*,⁷³ and quite recent *Authors Guild v. Google, Inc.*⁷⁴ and *Authors Guild, Inc. v. Hathitrust*⁷⁵ decisions have extended the reach of the fair use doctrine to encompass a hitherto unimaginable scope of copying on similar analytic premises. On reflection, I would suggest that what we are observing in relation to application of fair use principles in the internet setting is, perhaps, both more basic and less revolutionary than previously perceived. I also would suggest that the focus of concern for preserving a healthy copyright law balance going forward should be less on proper conceptions of transformative use than the all-important factor four showing of market harm.

First, a fundamental aspect of what we have been observing is a reflection of the sheer power of technology. In order for ISPs to enable virtually limitless, instantaneous access to information of broad social value, such entities need the ability to make internal copies of potentially vast quantities of copyrighted material. How realistic is it that a court will, *a priori*, condition such activity on pre-clearing the copyrights implicated?

Indeed, I would note that in the recent *Fox News Network, LLC v. TVEyes, Inc.* case decided by the Second Circuit, Fox Broadcasting as the complaining copyright owner did not contest on appeal the defendant's entitlement to make wall-to-wall *internal* copies of Fox broadcasts.⁷⁷ It reserved its infringement arguments for the degree of access to its content that has been afforded TVEyes' subscribers.

How many copyright practitioners and scholars would, at the time the Google Books project launched, have conceded the propriety of the predicate to Google's project: the scanning millions of copyrighted works without permission in order to populate its search database? How quickly significant aspects of the technology imperative are being taken as a given.

The second observation I would make is that this evolved conception of transformative use remains but one—albeit important—element of the overall fair use analysis. The other major consideration—factor four market harm—remains highly relevant, and I do not read the recent mega-fair use cases to suggest otherwise. The Second Circuit in *TVEyes* stated expressly that it is the most important aspect of the analysis, citing *Harper & Row*.⁷⁸

That said, what is happening, as is most apparent in the Second Circuit's *TVEyes* opinion, is a de-linkage of the logical connectedness between what passes for transformative use and the prospect of market harm. As observed, the types of commercial activity that increasingly are being labeled transformative are moving from criticism, parody, and other similar "new expression" added to the original to perceived socially productive uses to which otherwise unaltered copying may be put.

73. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1146–47 (9th Cir. 2007).

74. *Authors Guild v. Google, Inc.*, 804 F.3d 202, 203 (2d Cir. 2015).

75. *Authors Guild, Inc. v. Hathitrust*, 755 F.3d 87, 87–88 (2d Cir. 2014).

77. *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169, 175 (2d Cir. 2018), cert. denied (No. 18-321) (U.S. Dec. 3, 2018).

78. *Id.* at 176 (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1984)).

That being the case, the previous close connection between transformative uses and an absence of likely market harm has become attenuated.

The majority opinion in *TVEyes* vividly demonstrates the point. The opinion can be seen—quite controversially—to push the boundaries of transformative use to its latest edge. The court found the efficiencies afforded subscribers to the TVEyes service in accessing and viewing the TV programming recorded to be at least “somewhat transformative.” At the same time, the majority proceeded to conclude that the challenged service was *not* protected as fair use, principally because Fox was able to demonstrate potential market harm to its own commercial offerings.

It would thus appear, at least at this stage of case law development, that the expansion of the judicial conception of what constitutes transformative use and the decoupling of its logical connection to the extent of market harm actually serves to reinforce the preeminent importance of the factor four market harm analysis.

This leads me to a criticism of the Google Books decision⁷⁹—written, notably, by Judge Leval. As my colleague Jonathan Bloom and I wrote in an amicus brief to the Supreme Court supporting certiorari review of the Second Circuit decision, the circuit court found an absence of market harm arising out of the Google Books project insofar as there was no demonstrable prospect of lost book sales.⁸⁰ But this reflected a blindered view of the market harm analysis, one that ignored completely the prospect of a derivative licensing market in which book publishers would license the right to integrate their works into informational databases. It is, after all, their and their authors’ intellectual property that is the raw material of Google’s database. Every written word has been copied by Google into that database and is made available for public display. Without that copyrighted content, there would be no database.

In *TVEyes*, the Second Circuit recognized precisely such a prospect: that Fox would have the commercial ability and incentive to license clips of its programming, just as TVEyes was itself doing without compensation to Fox.

It seems no answer that the end product offered by a Google Books program—no different from TVEyes’ offering—is not one that any individual rights owner could replicate. That factor should, perhaps, weigh in Google’s favor under evolving conceptions of transformative use. But it ought not be viewed as dispositive of factor four market harm under a dated conception of such harm as limited to lost sales of the originals.

The Supreme Court decisions in *Campbell* and *Sony* instruct that factor four potential market harm can be demonstrated in relation not only to lost sales, but also to likely impairment of licensing markets. Book publishers, along with myriad other content owners, have been investing significantly in new forms of content distribution to keep abreast of technological developments. Digital licensing is prominent among them.

79. *Google, Inc.*, 804 F.3d at 203.

80. Brief for Copyright Clearance Center, Inc., et al. as Amicus Curiae Supporting Petitioners at 8, *Authors Guild v. Google, Inc.*, 136 S. Ct. 1658 (2016).

To discount such investment as too new or uncertain of success, too insignificant in relation to overall sales, or as just plain irrelevant misapprehends a proper and robust market harm analysis. In my estimation, such erroneous reasoning, as infected the *Google Books* decision as well as the district court's latest ruling in the *Georgia State* case, which I next discuss, poses a greater risk to a balanced administration of copyright law than do growingly expansive notions of transformative use.

The complexities of applying the fair use doctrine to copying activity enabled by digital technology are nowhere more vividly illustrated than in the *Georgia State University* litigation, which is perhaps the most challenging copyright lawsuit in which I have been engaged.⁸¹ We have been representing the book publishing industry in that litigation, which began in 2008 and continues to this day, following two trips to the 11th Circuit.

The case presents the issue whether the fair use doctrine affords educational institutions protection from infringement liability when they copy in digital format, and distribute to entire classes of students, significant portions of the copyrighted works of academic publishers whose primary market consists of sales and the licensing of permissions to the academy.

At its outset, I had not conceived of the litigation, for all of its importance, as presenting especially close issues. The case did not involve any transformative uses of the copied materials. They were purely substitutional for sales and licenses of the originals. There was, in addition, precedent holding that such activity taking the form of physical course packs (albeit focused on the liability of the corner copy shop making the copies, rather than the university itself doing so) was not fair use.⁸² This case presented the digital era analogue.

We also knew that, just as is the case with paper course packs, the Copyright Clearance Center offers reasonably priced, easy-to-administer licenses to enable "e-reserves" use of the types of works implicated—indeed, as testified to at trial, for less than four dollars per student annually, Georgia State University (GSU) could have obtained a license to use more than a million works for e-reserves course readings.

From discovery, there was further evidence, dating back to 2003, that GSU administrators had been urging professors to use their so-called e-reserves system as opposed to paper course packs for the explicit purpose of saving students money, and that GSU has budgeted no monies to cover permissions payments for such e-reserves uses.

The case has proven to be anything but easy. The federal district court in Atlanta has twice ruled mostly in favor of the defense, finding the paper course pack precedents of little relevance insofar as they implicated for-profit defendants, and

81. *Cambridge Univ. Press v. Becker*, 863 F. Supp. 2d 1190 (N.D. Ga. 2012), *vacated sub nom. Univ. Press v. Patton*, 769 F.3d 1232 (11th Cir. 2014), *remanded to Cambridge Univ. Press v. Becker*, No. 1:08-CV-1425-ODE, 2016 WL 3098397 (N.D. Ga. Mar. 31, 2016), *aff'd in part, vacated in part sub nom. Cambridge Univ. Press v. Albert*, 906 F.3d 1290 (11th Cir. 2018).

82. See *Princeton Univ. Press v. Mich. Document Servs.*, 99 F.3d 1381, 1381 (6th Cir. 1996) (en banc); *Basic Books, Inc., v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1522 (S.D.N.Y. 1991).

weighing the not-for-profit educational mission of GSU extraordinarily heavily in the fair use balance.

What is more, the district court has twice determined that the defendants were the prevailing parties and were entitled to their reasonable attorneys' fees for having prevailed on a significant majority of the litigated claims. It so ruled despite acknowledging the reasonableness of the publishers' legal positions and the unsettled nature of the legal issues presented—in other words, in disregard of the teachings of the Supreme Court's decision in *Kirtsaeng v. John Wiley & Sons, Inc.*⁸³

The Eleventh Circuit has now reversed the lower court twice, most recently following the delivery of this lecture.⁸⁴ In its initial ruling, the court of appeals found, among other errors, that the lower court had given undue weight to educational purpose, and far too little weight to the substantial likelihood of market harm to the plaintiff publishers arising out of the plainly substitutional nature of GSU's practices. Notably, the circuit court indicated that factor four was to be given the greatest weight in the overall balancing.

On remand, the district court found *still fewer* works to have been infringed—in the process, reinterpreting the all-important fourth factor market harm test in a manner that made it virtually impossible for any of the plaintiff publishers to surmount it. Its articulation of the market harm test gave short shrift to the importance to academic publishers, not merely of book sales, but of license income derived from digital exploitations of their works.

In its second reversal, the Eleventh Circuit chastised the district court for having failed to heed its direction as to proper application of factor four to thirty-one of the forty-eight book excerpts in issue,⁸⁵ as well as for, a second time, having improperly established a mathematical formula for weighing the four fair use factors, as opposed to engaging in a holistic analysis.⁸⁶ The court directed that factor four be awarded to the plaintiff publishers with respect to each of the thirty-one takings,⁸⁷ and reiterated the substantial weight that must be given to factor four in the overall fair use evaluation.⁸⁸ Because of these errors, the appellate court also vacated the award of attorneys' fees to the defendants.⁸⁹ The case was once again remanded to the district court to apply the correct legal standards to the thirty-one excerpts involved.

I close with this discussion of the *GSU* case because, in many ways, it encapsulates everything that is exciting, dynamic, and unpredictable about the private practice of copyright law in our age.

It involves an enduring debate as to the reach of the fair use doctrine posed in a setting enabled by digital technology that tests the reach of established analog era

83. *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1079, 1079 (2016) (finding that the district court was required to give substantial weight to the reasonableness of the publisher's litigating position).

84. *Cambridge Univ. Press v. Albert*, 906 F.3d 1290 (11th Cir. 2018).

85. *Id.* at 1299.

86. *Id.* at 1301.

87. *Id.* at 1302.

88. *Id.* at 1300.

89. *Id.* at 1302.

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precedent. It implicates broad communities of interest on both the rights holder and user sides, featuring fiery blogosphere commentary and amici ranging from former Registers of Copyright to university presses to academic and corporate librarians. It reaffirms that judges bring their own strong perspectives to these cases—and that predicting outcomes is indeed hazardous.

I wouldn't have given this up for anything!

Thank you very much.