Florida Law Review

Volume 53 | Issue 1 Article 3

January 2001

Givers, Takers, and Other Kinds of Users: A Fair Use Doctrine for Cyberspace

Ruth Okediji

GIVERS, TAKERS, AND OTHER KINDS OF USERS: A FAIR USE DOCTRINE FOR CYBERSPACE

Ruth Okediji[*]

* Edith Gaylord Harper Presidential Professor, University of Oklahoma College of Law. I am grateful to Tom Cotter, Peter Kutner, and Mark Lemley for comments on early drafts of this Article. My wonderful cadre of research assistants: David Jordan, Chris Kirt, Greg Luster, and more recently, Sylvia Cardona, Chad McLawhorn, and Sally Garrison—deserve immense thanks for their invaluable research assistance.

I. INTRODUCTION

If information is not free, it certainly wants, or more aptly, needs to be. At least, so say a group of technology mavericks intent on using new technologies to maximize information delivery to the public.[1] In a world predominated with users of information technology, this popular sentiment has significant allure in part because the information age has made a significant amount of information freely available. In addition, information technology has empowered ordinary users to become a part of the creative process both by its interactive nature and the very architecture of the pennon of the information society, the Internet.[2] The controversial *Napster* case,[3] questions regarding the legitimacy of caching, and challenges to linking and framing[4] illustrate attempts by owners to control or, at least,

1. *See* John Perry Barlow, *Selling Wine Without Bottles: The Economy of Mind on the Global Net*, at http://www.eff.org/pub/Publications/John_Perry_Barlow/HTML/idea_economy_article.html (last visited Mar. 12, 1999) (crediting Stewart Brand with the statement). *But see* Tom W. Bell, *Fair Use vs. Fared Use: The Impact of Automated Rights Management on Copyright's Fair Use Doctrine*, 76 N.C. L. REV. 557, 559 (1998) (Bell argues that information does not want anything unless one embraces digital animism. Instead, Bell argues, it is people who "want" information to be free.).

2. The recent controversy over the software produced by Napster is an example of empowerment. Napster is the continuation of the saga of MP3 technology which was the subject of litigation in 1999. *See* Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., 180 F.3d 1072, 1073 (9th Cir. 1999). But as Lawrence Lessig expounds, this architecture is not stable, immutable, or inherently empowering to users. *See generally* LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE (1999). In this Article, I use the terms Internet and Cyberspace interchangeably. *E.g.*, Trotter Hardy, *Property (and Copyright) in Cyberspace*, 1996 U. CHI. LEGAL F. 217, 217 (noting that cyberspace is shorthand for all computer communications).

3. On December 6, 1999, A&M Records filed a complaint for copyright infringement against Napster Inc., the provider of an Internet service that allows users to swap MP3 files, engage in space shifting (i.e., sharing files between hard drives and players), and sample music. A & M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896, 900 (N.D. Cal. 2000). On August 10, 2000, the United States District Court for the Northern District of California granted a preliminary injunction against Napster. *Id.* at 901. On August 18, 2000, Napster filed a brief seeking to overturn the preliminary injunction. On Oct. 2, 2000, the United States Court of Appeals for the Ninth Circuit heard the oral arguments. Subsequently in November a settlement was reached with BMG which said it would drop the suit once Napster implemented a fee-based service that pays royalties. For a page with links to resource material on the case, including expert reports, *see* http://www.gseis.ucla.edu/iclp/napster.htm.

4. For scholarship critical of a theory of liability for linking, *see generally* Edward A. Cavazos & Coe F. Miles, *Copyright on the WWW: Linking and Liability*, 4 RICH. J.L. & TECH. 3, § V (1997), *available at* http://www.richmond.edu/jolt/v4i2/cavazos.html; David Hayes, *Advanced Copyright Issues on the Internet*, 7 TEX. INTELL. PROP. L.J. 1, 85-88 (1998); Mark A. Lemley, *The Law and Economics of Internet Norms*, 73 CHI.-KENT L. REV. 1257 (1998); Maureen O'Rourke, *Toward a Patent Fair Use Doctrine*, 100 COLUM. L. REV. 1177 (2000); *see also* Bernstein v. J.C. Penney, Inc., No. 98-2958 R (Ex), 1998 WL 906644 (C.D. Cal. Sept. 29, 1998) (rejecting liability for linking).

suppress activity–creative or not–that might dilute the absolute rights which copyright law arguably confers upon them.

For some time, the debate surrounding copyright law and new technology primarily centered on the *copyrightability* of new technologies—that is, the feasibility of extending copyright protection to new technologies, such as computer software. Although Congress ostensibly decided the issue over two decades ago,[5] conceptual questions still remain and scholarly discourse continues about the viability and wisdom of extending copyright protection both to new technologies and the innumerable ways that the technology fosters exploitation of copyrighted works. The unprecedented growth of the Internet has intensified the debate and extended it beyond the ivory tower of academe. As is now commonly acknowledged, the bright-line distinctions that are characteristic of real space are but shifting boundaries in cyberspace; determining who is an owner or user of content can be just as complex as applying traditional copyright standards of infringement to determine when content has been wrongfully appropriated. Thus, the question of how we share cyberspace is at the crux of salient scholarly debates and legal controversies over the application of intellectual property on the Internet. Copyright owners, understandably, view cyberspace as a threat to well established proprietary rules and fear a situation where the boundaries of copyright and trademark regimes will be uncontrollably trespassed by users in cyberspace. These fears, some would argue, were largely preempted by the official government response which, so far, has recast traditional models of regulation in cyberspace with the result that owners' rights have been unwittingly expanded.[6] Congress has also deliberately expanded owners' rights through recent legislation, most notably the Digital

5. In 1976, Congress created the National Commission on New Technological Uses of Copyrighted Works (CONTU)

> to provide the President and Congress with recommendations concerning those changes necessary in copyright law or procedure needed both to assure public access to copyrighted works used in conjunction with computer and machine duplication systems and to respect the rights of owners of copyrights in such works, while considering the concerns of the general public and the consumer.

United States National Commission on New Technological Uses of Copyrighted Works, Final Report of The National Commission on New Technological Uses of Copyrighted Works 1 (1979) [hereinafter CONTU Report]. The Commission recommended that computer programs should be treated as a proper subject of copyright and that the 1976 Copyright Act govern databases as well as copyrighted works fixed in a computer or generated by a computer. *Id.* at 9-43. Congress subsequently enacted CONTU's recommendations. *See* Computer Software Copyright Act, Pub. L. No. 96-517, § 10(b), 94 Stat. 3028 (1980) (codified at 17 U.S.C. § 117 (1988)).

6. *See* Jessica Litman, *The Exclusive Right to Read*, 13 CARDOZO ARTS & ENT. L.J. 29, 29-34 (1994).

Millennium Copyright Act (DMCA)[7] and the Copyright Term Extension Act (CTEA).[8] And finally, there is the ubiquitous "code" (software) that determines, as a threshold matter, the possibility of a user accessing cyberspace.[9] This code may reinforce or supplant private regimes flowing from contractual arrangements that define terms of access and/or use of content.[10]

On the other hand, the radical impact of cyberspace on how we think, act, and interact[11] offers to many an opportunity to redeem the limitations of real-space copyright law. Furthermore, Congress ostensibly still desires to ensure that the public enjoys maximum gains from the range of utilities made available by the Internet. There has been no express challenge to the fact that the public interest lies at the heart of copyright and trademark

7. Digital Millennium Copyright Act, Pub. L. No. 105-304, Title I, § 103 (a), 112 Stat. 2863 (1998) (codified at 17 U.S.C. § 1201(a)-(b) (1998)).

8. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified at 17 U.S.C. §§ 301-304 (1998)).

9. *See* Lawrence Lessig, *The Zones of Cyberspace*, 48 STAN. L. REV. 1403, 1408 (1996).

10. In theory the question of protecting new technological mediums is distinct from the issue of the protection of content hosted by that medium. In cyberspace however, content and technology can and do become fused (as the invocation of copyright claims to linking and framing indicate) so that the legal and analytical process of differentiating between the two may yield less than optimal judicial and legislative responses to regulatory concerns.

11. An estimated 110 million people used the Internet in 1999. American Bar Association Global Cyberspace Jurisdiction Project, *Achieving Legal and Business Order in Cyberspace: A Report on Global Jurisdiction Issues Created by the Internet; Transnational Issues in Cyberspace: A Project on the Law Relating to Jurisdiction* (London Meeting Draft 2000), *at* http://www.abanet.org/buslaw/cyber/initiatives/jurisdicition.html [hereinafter ABA Report]. This estimate is down from the 200 million users anticipated. *See* Reno v. ACLU, 521 U.S. 844, 850 (1997). Other technology, such as the television or radio, has had profound effects on society. However, the combined audio, visual, and interactive capability of communications technology offers a medium in which political, economic, and social interaction is radically effected and affected. The ABA Report also states that over five million emails per minute are sent worldwide. ABA Report, *supra*. There are an estimated 260 million users with Internet access worldwide with a projected number of 765 million by 2005. *Id.* Exclusion from the Internet will reinforce the underprivileged position of poor citizens and exacerbate the economic divide by perpetuating the growth of a class of ill-equipped citizens. The U.S. government is keenly aware of this and has devised several initiatives to address concerns of a widening digital gap. For example, the Improving America's Schools Act of 1994 mandated a plan based on four pillars: making modern computers and learning devices accessible to every student; connecting classrooms to one another and to the outside world; making educational software an integral part of the curriculum; and ensuring that teachers are ready to use and teach with technology. *See* Improving America's Schools Act, Pub. L. 103-382, 108 Stat. 3518 (1994); *see also* United States Department of Education Technology Home Page, *at* http://www.ed.gov/Technology/goals.html (last visited Aug. 4, 1999); United States Department of Commerce, *Falling Through the Net: A Survey of "Have Nots" in Urban and Rural America* (1995), *at* http://www.ntia.doc.gov/ntiahome/fallingthru.html (last visited Mar. 17, 1999); Rosemary J. Coombe, *Left Out on the Information Super Highway*, 75 OR. L. REV. 237 (1996) (offering a critique of the dominantly Western dialogue that permeates the Internet and pointing out how the commodification of culture in the form of intellectual property rights occludes use of, and access to, information).

protection, although the above mentioned recent legislative enactments–both the process by which they came to fruition as well as their substantive provisions–give reason to pause over Congress' commitment to the public interest or, at the very least, its understanding of the implications of the expansion of copyright law.[12] Alternatively, one might express this state of affairs as a manifestation of the legislative capture of Congress by special interest groups and the bartering that took place at the bargaining table.[13] The careful balance between protecting rights of "owners" and ensuring public benefit by facilitating access to protected works has been the framework within which the constitutional imperative to "promote the progress of science and the useful arts"[14] has historically been pursued. The irony imposed upon this assiduously crafted system of copyright protection is that the artificial constructs of real space, such as "authorship" and "copy," which lie at the heart of copyright, must now be deconstructed to

12. Expanded and strengthened intellectual property rights have caused no small consternation on the part of copyright scholars. In the context of regulating digital technology, the anti-circumvention provisions of the DMCA exert considerable pressure against the public interest. Julie Cohen, *WIPO Treaty Implementation in the United States: Will Fair Use Survive?*, 21 (5) EUR. INTELL. PROP. REV. 236 (1999) (arguing that the anti-circumvention and anti-device provisions of the DMCA will likely narrow fair uses); Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to be Revised*, 14 BERKELEY TECH. L.J. 519, 562-64 (1999) (criticizing the unjustifiable overbreadth of the DMCA, Professor Samuelson argues for a minimalist approach to the anti-circumvention rules and suggests a general purpose or legitimate purpose exception to preserve an optimal level of user access). With regard to the general problem of copyright expansion, owners' fears of losing ground in cyberspace or failing to gain additional rent from the captive audiences that populate cyberspace as well as the availability of technology that facilitates aggrandizement of royalty or licensing profits, have led to judicial incursions on the public interest in the form of whittling away at the fair use doctrine. *E.g.*, Princeton Univ. Press v. Michigan Document Servs., Inc., 99 F.3d 1381, 1383 (6th Cir. 1996) (en banc); American Geophysical Union v. Texaco, Inc., 60 F.3d 913, 914 (2d Cir. 1994).

13. Copyright scholars have increasingly noted this pervasive pattern of modern copyright law making and its pernicious effects, both in terms of the eroded ability of ordinary citizens to understand the law because it is now so complex and voluminous, and because it is a process that fundamentally produces bad law. Most notable is Professor Jessica Litman's writings on the legislative process. *E.g.*, Jessica D. Litman, *Copyright and Information Policy*, 55 LAW & CONTEMP. PROBS. 185 (1992); Jessica D. Litman, *Copyright Legislation and Technological Change*, 68 OR. L. REV. 275 (1989); *see also* Cohen, *supra* note 12, at 236 (noting that the DMCA is a product of congressional compromise after a two year battle between copyright industries and consumer groups over how to implement the WIPO Copyright Treaty); Jane C. Ginsburg, *Copyright Legislation for the "Digital Millennium,"* 23 COLUM.-VLA J.L. & ARTS 137, 179 (1999) (reviewing the DMCA and the Sonny Bono Copyright Term Extension Act and concluding that while it is an important adaptation of copyright to digital communications both statutes leave much to be desired by both users and reflect, *inter alia*, the ills of modern copyright legislative process); Samuelson, *supra* note 12, at 523-24 (noting that the DMCA was a product of compromise between Silicon Valley and Hollywood and that a fairer compromise between the two and their respective allies would have produced better legislation).

14. U.S. CONST. art. I, § 8, cl. 8.

make that same system work in cyberspace.[15] How to do so is the difficult task.[16] What is not difficult, however, is that the central objective of promoting public welfare and the normative principles that have developed for this purpose remain unchanged.

In this Article, I argue that the underpinnings of the fair use doctrine have significant utility in facilitating the development of a taxonomy for determining the rights of providers and users of content in cyberspace. I do not base my thesis just on the language of the constitutional provision for copyright laws, but in addition, on the indeterminacy of fair use, which I assert corresponds most effectively with the evolving and dynamic nature of cyberspace. It is an argument that at its heart maintains that fair use ought not be a doctrine frozen in time or space (so that it should apply to cyberspace as well as real space), but neither should its extension to cyberspace be limited by the sort of outcomes we have come to expect of real-space fair use applications.[17] Thus, while the argument I pursue maintains the substance of the current fair use test, with some different permutations, my overall project is to advance a vision of fair use that traverses both worlds without subordinating one to the other.[18]

Application of the complex fair use doctrine in cyberspace appears, at first blush, to be an unwieldy and extremely difficult task. The problem of overlapping copyrights in cyberspace already poses fairly serious challenges to courts attempting to apply copyright rights to new technologies.[19] Additionally, since fair use is an explicit tool to serve the

15. Literal applications of these concepts lead to unimaginable numbers of claims for multiple infringements in cyberspace. *See* Mark A. Lemley, *Copyright Owners' Rights and Users' Privileges on the Internet: Dealing with Overlapping Copyrights on the Internet*, 22 U. DAYTON L. REV. 547, 550-67 (1997) (discussing each of the copyright rights and how Net transmission potentially violates all or several of these rights at least once and in some cases, more than once).

16. There is a rich body of scholarship on the expansion of copyright and its implication for the public interest principle that informs the constitutional authority behind copyright legislation. While there is a degree of variance over the extent individual scholars might venture in arguing against the current trend, I think it is fair to state that there is some consensus that the expansionist trend–in both patent law and copyright–is adverse to the stated goals of the intellectual property system and, in the context of the DMCA, more than is necessary to effectuate international obligations. *See, e.g.*, Samuelson, *supra* note 12; Ginsburg, *supra* note 13.

17. While fair use outcomes are inherently uncertain, there has been a presumption of fair use in certain cases such as non-commercial private uses, uses that bump against free speech concerns, and transformative uses. *E.g.*, Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 571 (1994); Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 542 (1985); Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 456 (1984). My point is that these outcomes should constitute the outer edges of fair use, not its core.

18. *See* Lessig, *supra* note 9, at 1403 (discussing the interaction between both worlds and possibilities for regulation that reflect the reality that people simultaneously exist in both worlds).

19. *E.g.*, Playboy Enters., Inc. v. Webbworld, Inc., 991 F. Supp. 543, 548 (N.D. Tex. 1997), *aff'd.*, 168 F.3d 486 (5th Cir. 1999) (direct infringement on a website); Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc., 907 F. Supp. 1361, 1383 (N.D. Cal. 1995) (pre-DMCA indirect and contributory infringement for ISP liability). *See generally* Lemley, *supra* note 15, at 550-67 (discussing overlapping copyrights and proposing a solution).

public interest, its application in cyberspace will shape the boundaries of property and behavior with regards to online content.[20] No controlling approach to these questions has emerged, although scholars have offered several propositions.[21] With regard to a *pro forma* application of fair use in cyberspace, the issue is even more involved. The fair use doctrine is anything but a model of clarity. As Lloyd Weinreb recently reminded us, at least part of the problem with fair use is that *we don't know what it is.*[22] But we also don't know *what the Internet will become.* My principal thesis, then, is that as owners' rights are expanded to respond to the ease with which digital technology enables large scale infringement, users' rights should, correspondingly, be reconceived to reflect the variety of ways the Internet facilitates–indeed encourages–production, access, and use of copyrighted content. In other words, what ought to weigh principally in the minds of judges and legislators is not simply how to apply the traditional norms to cyberspace, but instead, the range of possibilities the Internet offers to users ought to play a significant role in determining questions over the allocation of rights in cyberspace. Proposed solutions to users' rights in cyberspace, such as implied consent (or license),[23] a Net transmission right,[24] or technological responses such as rights management systems,[25] fail to account for the opportunities the Internet offers to users and instead focus inordinately on the possibilities for violation of the traditional rights as a premise for the solutions. Further, some of these proposals rely on (or at least invoke) market-based analyses which, I argue, freezes the conception of public interest in time. Market-based evaluations of interaction in cyberspace tend to be biased against users because the criterion used to determine infringement in real space often are functional or technical aspects of just being *in* cyberspace.[26] Put differently, public interest tends to be evaluated by the same measurement used prior to the

20. How significant a role fair use may play in this process is subject to a plethora of other factors which add or detract from fair use at different points, and at times, converging with some of the objectives that fair use promotes such as free speech. Some factors include Lessig's arguments regarding code, the interpretation and application of the DMCA, international agreements on regulation of the Internet, judicial dispositions on issues such as privacy and free speech, and how much or little government regulation emerges in the near future.

21. *See generally* LESSIG, *supra note 2*; Bell, *supra* note 1; Lemley, *supra* note 15.

22. *See* Lloyd L. Weinreb, *Fair Use*, 4 FORDHAM L. REV. 1291, 1291 (1999).

23. *Cf.* Effects Assocs., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990).

24. *See* Lemley, *supra* note 15, at 582-84.

25. *See* Julie E. Cohen, *A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace*, 28 CONN. L. REV. 981, 981-83 (1996).

26. Uses based on the current technology are also not static and this fact reinforces an argument for fair use. *See infra*, Part IV (developing this argument); *see also* Trotter Hardy, *Computer Ram "Copies": A Hit or A Myth? Historical Perspectives on Caching as Amicrocosm of Current Copyright Concerns*, 22 U. DAYTON L. REV. 423, 428 (1997) (evaluating caching from a techno-historical perspective and arguing for a case-by-case determination of whether caching is infringement either through fair use or an implied license).

advent of new technology, namely how much rent a copyright owner can obtain from every possible use of a protected work. Consequently, it is increasingly the case that when a copyright owner cries "foul" over activity in cyberspace, there is a predilection to conclude that infringement has taken place, due in part to the predisposition—well massaged by the copyright industry—that cyberspace is a place that, by its very nature, engenders infringing activity. The result is that doctrines designed to mediate between competing interests are constrained or supplanted by a variety of methods to protect the way technology makes it easier to collect rent from users. Regulation of content use in cyberspace in favor of owners is thus often a reaction to the phenomenon of cyberspace itself.

Commentators have tended to focus on the behavior of users either as underprivileged citizens due to the expansion of copyright law or as potential outlaws in the absence of restraints in the form of intellectual property laws, technological devices, or private contractual arrangements. Where the principal inquiry has been how to calibrate user rights to facilitate access and promote the public welfare, the controlling paradigm has been the standard owner-user tension. However, cyberspace adds an additional level for this traditional incentive story; in promoting welfare in a cyberspace context it is not just the factor of production of creative works that is important, but incentivizing production in cyberspace. In other words, how do we encourage the production of works in cyberspace, or alternatively, encourage creators to put their work in cyberspace. There has been an assumption that creators will come to cyberspace and so the primary need is to protect the terms that govern their interaction with users, there also being an implicit assumption that, with respect to the users, if we build it they will come. However, prospects for maintaining the copyright balance must account for the fact that the Internet is a medium. In this sense, fair use might be viewed as a delivery mechanism of public welfare goals–a part of the design of cyberspace. I suggest that the fair use doctrine will be a superior mechanism for safeguarding the public interest in a way that facilitates dispersion of the new benefits that the Internet offers to society as a whole. By fair use, I do not refer merely to our current conception of the doctrine, but rather to the fact that claims of ownership in creative works are arbitrated and circumscribed by interests that exist beyond the pecuniary interests of the owner. My goal in this article, then, is to provide a normative approach to fair use in the distinct economy of cyberspace.

In Part II of this Article, I examine the relationship between fair use and the public welfare goals of copyright law. I undertake a brief history of the common law fair use doctrine and its modern derivation. This discussion is central to assertions later in the Article that an efficacious fair use doctrine in the digital era must be infused with the vitality and dynamism of its common law antecedents. Originally a judicially created common

law doctrine, fair use is often described as a principle that mediates between the exclusive grant to the copyright owner and the public policy of encouraging the dissemination and use of knowledge for the advancement of public welfare.[27] While I agree with this iteration, I also argue that to cabin fair use this way is to undermine the variety of ways that other copyright principles serve the public welfare. In this part then, I identify the competing visions of welfare implicit in copyright law, namely access-welfare and use-welfare, and analyze how specific copyright doctrines promote these welfare norms.

In Part III, I offer several arguments for the efficacy of fair use in unleashing the redistributive potential of the Internet without unduly jeopardizing economic benefits to owners. One argument is that fair use will forestall development of a global anti-commons (under-use of information)[28] or a caste system (privileged use) in cyberspace.[29] Stated differently, fair use will help facilitate use of informational content in cyberspace by all users.[30] Yet another argument is that fair use is a bulwark against takers. Contrary to popular opinion, cyberspace is not the land of the free; there are continuously evolving technological and legal means to

27. In a provocative article, Professor Ray Patterson sets forth the foundations of this mediating function in relation to free speech. L. Ray Patterson, *Free Speech, Copyright and Fair Use*, 40 VAND. L. REV. 1, 66 (1987). A concern for balance between public and private interest is evident in the history of copyright law even absent the fair use doctrine. *E.g.*, Statute of Anne, 8 ANNE ch. 19 (1710) (Eng.) ("an act for the encouragement of learning").

28. *See* Michael A. Heller, *The Tragedy of the Anticommons: Property in the Transition From Marx to Markets*, 111 HARV. L. REV. 621, 668 (1998) (defining anticommons as a resource under use resulting from multiple owners holding multiple rights of exclusion in a scarce resource). While I do not suggest that information is a scarce resource, I do propose that it is a resource vulnerable to under use once propertized. The tendency to under use information is a function of socioeconomic constraints which determine accessibility to computers. Copyrights are an additional layer of constraint affecting use-welfare. Those who can barely afford computers will face additional costs if use is taxed in the form of licenses. In a world of private copyright management systems, licensing as a standard toll on use of content will create information "castes" who access and use information on different terms. Economist Joseph Farrell points out that network effects serve to deter users when the price is above cost, thus reducing the benefit of cyberspace for that user and for others who can afford the cost of access and use. Joseph Farrell, *Arguments for Weaker Intellectual Property Protection in Network Industries, in* STANDARDS POLICY FOR INFORMATION INFRASTRUCTURE 369 (Brian Kahin & Janet Abbate eds., 1995). Farrell concludes that a reduction in demand (use of cyberspace) creates more harm when network effects are important. *Id.; see also* Mark A. Lemley & David McGowan, *Legal Implications of Network Economic Effects*, 86 CAL. L. REV. 479, 601-02 (1998). Fair use addresses the potential for reduction in demand attributed to cost by facilitating use of information notwithstanding socioeconomic status.

29. *See* Diane Leenheer Zimmerman, *Copyright in Cyberspace: Don't Throw Out the Public Interest with the Bath Water*, 1994 ANN. SURV. AM. L. 403, 405 (voicing the same concern).

30. *See* Farell, *supra* note 28 and accompanying text. There is an important point of distinction to be made here. The argument is not that fair use will lead to optimal levels of use, since in principle, fair use generally allows use of portions of protected work rather than the work in its substantiality or entirety.

regulate how, and on what terms, use of informational content occurs.[31] It is not clear that these private law regimes will promote traditional welfare norms recognized in other areas of law,[32] much less nurture an enlightened, empowering vision of fair use for cyberspace. This is not to say, however, that private regimes will not engender *any* welfare benefits. Rather, the point is that the traditional conception of welfare that flows from private regimes is dependent on socioeconomic variables, such as bargaining power and information asymmetries, that are likely to reinforce and extend real-space inequalities to cyberspace. In the debate over the merits of fair use, the issue typically is not that copyright owners do not want users to access their works; it is the price–both in monetary as well as copyright principle terms–for such access that is at stake. To the extent that cost is the issue in this debate between owners and users, the question of fair use fundamentally and irreversibly is one of resource allocation.

Economic analysis of welfare benefits that flow from private regimes tend to ignore the fact that intellectual property rights, like other forms of property, are a form of market intervention, not natural, pre-political rights.[33] In particular, intellectual property rights represent a welfare benefit by the government to authors and inventors.[34] Consequently, the claim by authors or owners to "stronger" copyright rights is not inherently superior to, or more legitimate than, competing claims of users. To the extent that copyright law is itself a welfare grant, a form of resource creation, and distribution, an endogenous mechanism for redistribution is justifiable on the same grounds, namely public welfare. A meaningful fair use standard will mediate between givers and takers without necessarily subordinating the interests of each to the other and without impoverishing the welfare goals of copyright nor the vision of an enriched public life for citizens in cyberspace.

---

31. *See* Bell, *supra* note 1, at 587 (arguing that automated rights management offers a superior market based solution to infringement).

32. *See* Julie Cohen, *Copyright and the Jurisprudence of Self-Help*, 13 BERKELEY TECH. L.J. 1089, 1128-40 (1998) (discussing how Article 2B's self-help provisions are inconsistent with the doctrinal foundations of the Uniform Commercial Code, First Amendment principles, and copyright policy).

33. *See* Lloyd L. Weinreb, *Copyright for Functional Expression*, 111 HARV. L. REV. 1149, 1240 (1998) (pointing out that copyright is itself a form of market intervention and not a "natural" way of doing things).

34. Congress has never given an absolute monopoly right to copyright owners. Instead, some rights have been allocated to the copyright owner while other rights have been reserved for users. *See generally* L. RAY PATTERSON & STANLEY W. LINDBERG, THE NATURE OF COPYRIGHT: A LAW OF USER'S RIGHTS (1991); Jessica D. Litman, *Revising Copyright Law for the Information Age*, 75 OR. L. REV. 19 (1996) (pointing out that, predictably, the *haves* are fans of the current model while the *have-nots* desire some other model). Professor Litman intimates that the allocation of rights with each new technological change often is a function of whose lobbyist succeeds or fails, or alternatively, benefitting from the 1976 Copyright Act depends on who can afford copyright counsel and who cannot. *Id.* at 19-23.

In Part IV of this Article, I revisit three recent fair use decisions and reflect on the merits of applying the principles announced by the courts to cyberspace. I introduce, as a preliminary matter, some articulation of fair use elements that might be more sensitive to the goals I argue that fair use should advance in cyberspace. The section sets forth three variants of the fair use doctrine yielded by the judicial decisions. How each variant is extended to cyberspace will depend, in part, on the construction of the role and meaning of "society" in this dynamic medium.[35] Finally, the section analyzes the model of exemptions reflected in section 117 of the Copyright Act and suggests that exemptions of fundamental practices as they evolve over time, in addition to a fair use doctrine, are more likely to sustain a relevant and generous vision of public welfare for the information age.

II. LAND OF THE FREE? CONSTRUCTING FAIR USE AND PUBLIC WELFARE

Copyright envisions use by members of the public.[36] Subject to statutory guidelines, fair use portentiates public access to, and use of, protected works without incurring sanctions for infringement.[37] Historically, the symbiotic relationship between the general public and authors of literary and artistic works has been evident through public patronage of the arts.[38] This patronage provided some initial lubrication for the more explicit copyright bargain; namely that an author would receive an exclusive right in exchange for the public access to the work. This constitutional bargain reinforced the overt welfare interest in public access to protected works. In 1976, the fair use doctrine was codified in revisions to the Copyright Act ("the Act").[39] Its new statutory character strengthened its doctrinal position in the field of copyright, and henceforth, fair use became the dominant means to preserve a semblance of rights for the public to a copyrighted work.[40] In the following section, however, I offer a different version of this codification story.

---

35. *See generally* Lessig, *supra* note 9.

36. *See* Loew's Inc. v. CBS, Inc., 131 F. Supp. 165, 174 (S.D. Cal. 1955); Karll v. Curtis Publ'g. Co., 39 F. Supp. 836, 837 (E.D. Wis. 1941).

37. 17 U.S.C. § 107 (1994) ("the fair use of a copyrighted work . . . is not an infringement of copyright").

38. *See generally Panel Discussion: Art as a Public Good*, 9 COLUM.-VLA J.L. & ARTS. 143 (1985). Neil Netanel has suggested that one of the important functions of copyright in promoting a democratic society is that it frees authors from dependence on "state subsidy, elite patronage and cultural hierarchy." Neil Weinstock Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283, 288 (1996).

39. 17 U.S.C. § 107.

40. *See* Consumers Union of United States v. Gen. Signal Corp., 724 F.2d 1044, 1048 (2d. Cir. 1983); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979); H.C. Wainwright & Co. v. Wall St. Transcript Corp., 418 F. Supp. 620, 624-27 (S.D.N.Y. 1976).

A. *Fair Use Misstated: Fair Use at Common Law and Its Contemporary Articulation*[41]

Judicial development of the fair use doctrine is best understood by analyzing the utilities of the allegedly infringing works that were at issue before the common law courts. The first Copyright Act[42] in the United States did not explicitly identify welfare principles, such as fair use, perhaps because the entire copyright system was understood to be a form of welfare grant.[43] American courts nevertheless recognized and applied the common law fair use doctrine, which was then codified in the 1976. The framework articulated in *Folsom v. Marsh*,[44] which provided the cornerstone for the doctrine, is what Congress incorporated in the 1976

41. In an insightful article, Professor Patterson discusses the transformation of copyright that occurred as a result of the codification of common law copyright. *See generally* L. Ray Patterson, *Copyright Overextended: A Preliminary Inquiry into the Need for a Federal Statute of Unfair Competition*, 17 U. DAYTON L. REV. 385 (1992).

42. Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124.

43. *See* Patterson, *supra* note 41, at 387-96 (discussing the limited nature of the common law copyright and how codification inverted this by providing a basis to treat copyright as a property right). Professor Patterson argues that common law copyright only provided a basis for signaling ownership, not control. *Id.* By altering the point of copyright in the 1976 Act through the vehicle of fixation as a basis for ownership, he argues that Congress in fact supplanted, not codified the more limited common law scheme. *Id.* In his often quoted communication with Isaac McPherson, Thomas Jefferson expressed disquiet at the thought of a property right for inventors:

> That ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man, and improvement of his condition, seems to have been peculiarly and benevolently designed by nature, when she made them, like fire, expansible over all space, without lessening their density in any point, and like the air in which we breathe, move, and have our physical being, incapable of confinement or exclusive appropriation. Inventions then cannot, in nature, be a subject of property. Society may give an exclusive right to the profits arising from them, as an encouragement to men to pursue ideas which may produce utility, but this may or may not be done, according to the will and convenience of the society, without claim or complaint from anybody.

Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), *in* THE COMPLETE JEFFERSON 1011, 1015 (Saul K. Padover ed., 1943); *see also* Zechariah Chafee, Jr., *Reflections on the Law of Copyright: I*, 45 COLUM. L. REV. 503, 507 (1945) ("The principle of copyright is this. It is a tax on readers for the purpose of giving a bounty to writers. The tax is an exceedingly bad one; it is a tax on one of the most innocent and most salutary of human pleasures.").

44. 9 F. Cas. 342, 348 (C.C.D. Mass. 1875) (No. 4901) (identifing five elements of the fair use defense, including: (a) the nature and objects of the selections made; (b) the quantity and value of the materials used; (c) the degree to which the use may prejudice the sale of the original work; (d) the degree to which the use may diminish the profits of the original work; and (e) the degree to which the use may supersede the objects of the original work).

Copyright Act.[45] This codification, in fact, contracted fair use as it existed in common law.

The facts in *Folsom* gave rise to a very specific application of fair use and did not reflect the fullness of the common law doctrine. In *Folsom* and its progeny, fair use arose as a defense to a claim of infringement where the defendant produced an abridgement of a preexisting work.[46] In many instances, the abridgement served a different market, provided the public a considerably cheaper product, and involved a supplemental degree of labor and intellectual skill.[47] The economic harm to an author's market was very much at issue in the abridgement cases, so that in *Folsom* the value of an abridgement as much as the robustness of the fair use defense was on trial. In construing *Folsom*, the later case of *Story v. Holcombe,*[48] also involving an abridgement, held that "[i]f so much be extracted, that the article communicates the same knowledge as the original work, it is an actionable violation of literary property."[49] The *Holcombe* court responded to the problem by fashioning *a test for abridgements*– the specie of works that raised this particular problem–designed to separate new expressions from colorful repetition.

On the other hand, the seminal fair use case, *Cary v. Kearsely*,[50] involved facts very different from the abridgement cases. In *Cary*, an author alleged infringement when a book written by the defendant provided readers with the same information as the author's book addressing the same subject matter.[51] The court noted that although some factual subjects were susceptible to reproduction of the same information, the defendant in *Cary* at least made some changes to the author's work.[52] In analyzing the case, the court did not refer to the elements outlined in *Folsom*.[53] Instead, the court addressed the issue of intent (*animus furandi*) and determined that where the purpose of copying was to produce a new intellectual work rather than masquerade as original what already was available, the

45. 17 U.S.C. § 107 (1994).

46. *See* Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205-06 (2d Cir. 1979); *see also* Notes of Committee on the Judiciary, H.R. REP. NO. 94-1476, at 66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5680 ("The bill endorses the purpose and general scope of the judicial doctrine of fair use, but there is no disposition to freeze the doctrine in the statute. . . . [C]ourts must be free to adapt the doctrine to particular situations on a case-by-case basis.").

47. This was also the context in which fair use was most frequently upheld as valid in English precedents. *See generally* Cary v. Kearsley, 170 Eng. Rep. 679 (K.B. 1803); Gyles v. Wilcox, 26 Eng. Rep. 489 (Ch. 1740); WILLIAM F. PATRY, THE FAIR USE PRIVILEGE IN COPYRIGHT LAW 5 (1st ed. 1985).

48. 23 F. Cas. 171 (C.C.D. Ohio 1847) (No. 13,497).

49. *Id.* at 173.

50. 170 Eng. Rep. 679 (K.B. 1803); *see also* PATRY, *supra* note 47, at 5 (identifying *Cary* as the first fair use case).

51. *Cary*, 170 Eng. Rep. at 679-80.

52. *Id.*

53. *Id.*

defendant was free to use the prior protected work.[54] Once the court determined that copying was not illegal *per se* and that the nature of the new work merited the use of a preexisting work, the issue before the court ceased to be a question of infringement.[55] It is possible to attribute the court's emphasis on exact duplication as a prerequisite for a finding of infringement, to the absence of widespread use of duplicating technology and to the state of copyright law which, at the time, granted authors the exclusive right to copy. However, the court's discussion of fair use militates against an unequivocal conclusion that the decision is best explained by the state of art and law; the court found affirmatively that certain works of authorship may tend more than others to necessitate use (whether in the purely teleological sense or by incorporating prior work) of what another author has produced.[56]

Embedded in this form of fair use analysis were the seeds of a fair use doctrine that could reach through the ages to benefit users who add to the corpus of intellectual goods by using protected works as a springboard for greater creativity.[57] The emphasis of common law fair use was to ensure that new works were introduced to the public. As *Cary* illustrates, the question of whether or not infringement is at issue rested on the end product of the use, not simply on the fact of use itself.[58] Similarly, in another English fair use case, *Lewis v. Fullarton*,[59] the court found that when the primary labor expended by an alleged infringer is to copy an author's work,[60] a fair use defense fails. The court, in fashioning an award for the plaintiff, reinforced the emergent fair use canon: thou shalt not take another's work and place it in the market as a substitute. Thus, the core

54. *Id.* The court in *Cary* seemed to imply that intentional infringement could rise to the level of a criminal offense. *See id.* It is in this context that *animus furandi* was raised. *Id.*

55. *Id.* The plaintiff in this case eventually consented to a nonsuit. *Id.*

56. *See* Webb v. Powers, 29 F. Cas. 511, 516-17 (C.C.D. Mass. 1847) (No. 17,323) (holding that some similarities and uses of prior works, even the copying of some parts, are tolerated for certain types of books).

57. Contemporary fair use reflects this principle and may protect the incorporation of a previously protected work in a new creative work. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 594 (1994) (holding that the commercial character of a musical parody created by a rap music group using familiar lyrics from a popular song does not create a presumption against fair use); Steward v. Abend, 495 U.S. 207, 276 (1990) (stating that the fair use doctrine "'permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster'") (quoting Iowa State Univ. Research Found., Inc. v. Am. Broad. Cos., 621 F.2d 57, 60 (2d Cir. 1980)); *see also* Sundeman v. Seajay Soc'y, Inc., 142 F.3d 194, 203 n.14 (4th Cir. 1998). But this does not happen often enough. *See* Lydia Pallas Loren, *Redefining the Market Failure Approach to Fair Use in an Era of Copyright Permission Systems*, 5 J. INTELL. PROP. L. 1, 31 (1997) (distinguishing productive use from transformative use and criticizing judicial focus on the latter in fair use cases).

58. *Cary*, 170 Eng. Rep. at 679-80.

59. 2 Beav. 6 (1839) (Eng.).

60. *Id.* at 9.

concern of common law copyright was to prohibit misappropriation of a copyrighted work.

One scholar has suggested that, similar to the element of intent raised in *Cary*, the purpose that motivates the use should affect the determination of whether a work is fairly used.[61] Therefore, a court should consider if the purpose or effect is to deprive the author of his copyright.[62] This interpretation of *animus furandi* is questionable, given the facts in *Cary*, and the subsequent context in which intent was at issue in the court's fair use analysis. *Animus furandi* in *Cary* arose when the author's attorney posed a question to the court about literal copying of what purported to be a new work.[63] The court's contention was that the appropriation of the material must be done "with a view of compiling a useful book, for the benefit of the public, upon which there has been a totally new arrangement . . . ."[64] The court focused on the different nature of the work: "[t]hat part of the work of one auther[sic] is found in another, is not of itself piracy, or sufficient to support an action; a man may fairly adopt part of the work of another . . . *for the promotion of science, and the benefit of the public.*"[65] In other words, the second user in a fair use case must use the material in a way that results in a totally new arrangement or other added value in the interest of the public.[66]

The issue of intent in subsequent cases combines two distinct aspects of the *Cary* analysis. In one sense, intent represents the motive of the alleged infringer and asks whether the intent was to take the most expedient route and avoid the expense and labor of creativity.[67] In another sense, intent asks whether the defendant holds a good faith belief that the appropriated work is free for all. Since the time of *Cary*, courts have held that the latter is immaterial; it is the effect of the infringement that

61. *See* Lloyd Weinreb, *Fair's Fair: A Comment on the Fair Use Doctrine*, 103 HARV. L. REV. 1137 (1990); *see also* PATRY, *supra* note 47, at 11.

62. PATRY, *supra* note 47, at 11.

63. The question was asked after Lord Ellenborough made clear that the use of a prior work to create a new work was permissible. *See Cary*, 170 Eng. Rep. at 680. The plaintiff's attorney then asked, "[s]uppose a man took Paley's Philosophy, and copied a whole essay, with observations and notes, or additions at the end of it, would that be piracy?" *Id.* The court's response raised *animus furandi*, transforming the inquiry from fair use to infringement. *Id.*

64. *Id.*

65. *Id.* (emphasis added).

66. As Lord Ellenborough stated, "If I adopt the works of contemporary writers, and embody them into my own, it makes a new work." *Id.*

67. Courts have held that copying as a short cut to creativity is not permissible, even when a new work results. In *Lewis v. Fullarton*, the court held that "none are entitled to save themselves trouble and expense by availing themselves, for their own profit, of other men's works still subject to copyright . . . protection." 2 Beav. 6, 8 (1839) (Eng.); *see also* Coll. Entrance Book Co. v. Amsco Book Co., 119 F.2d 874, 876 (2d Cir. 1941) (finding unfair use where copying is done to avoid trouble or expense of independent work).

matters.[68] If good faith has any effect at all, it is negligible.[69] Both these connotations of intent involve a "moral inquiry," yet they are distinct. For example, a finding of wrongful motive in the former sense has resulted in a finding of infringement,[70] and the presence of wilful infringement may give rise to a claim of criminal infringement.[71] To claim that fair use analysis involves both a question of the intent and the creative effort of the alleged infringer effectively, but unwisely, merges the fair use and fair abridgement analysis.[72] The result is conceptual chaos evident in contemporary fair use analysis.[73]

The elements outlined by Justice Story in *Folsom* arose in the context of abridged works; a work which by its nature had to utilize a substantial amount of the prior protected work.[74] Consequently, it was inevitable that the substantiality of the amount copied, coupled with the character of the "new" work, is what triggered this particular expression of the common law fair use inquiry. The inchoative codification of the *Folsom* test in the 1976 Act has manifested itself in the attenuated articulation of public welfare goals implicit in the fair use doctrine and engendered an unwieldy set of precedents reflecting the multifaceted character of fair use. This state of incoherence is not, however, a modern development. Fair use and fair abridgements had been confused by courts prior and subsequent to *Folsom*. Courts often mixed the two, neglecting to determine the nature of the work in question as a requisite first step towards ascertaining the applicable legal rules. The opinion in *Story* observed this tendency of the courts, and

68. Wihtol v. Crow, 309 F.2d 777, 780 (8th Cir. 1962) (holding that lack of intent to infringe is immaterial); Lawrence v. Dana, 15 F. Cas. 26, 50-51 (C.C.D. Mass. 1869) (No. 8,136) (same); Story v. Holcombe, 23 F. Cas. 171, 175 (C.C.D. Ohio 1847) (No. 13,497) (same).

69. *See* PATRY, *supra* note 47, at 26-32. Some courts have held, however, that intent plays a role in evaluating the fair use defense. *E.g.*, Harper & Row, Publishers, Inc. v. Nation Enter., 471 U.S. 539, 562 (1985) (holding intent to supplant the copyright holder's right of first publication cannot be a fair use); N.Y. Tribune v. Otis & Co., 39 F. Supp. 67, 68 (S.D.N.Y. 1941) (stating while defendant's intent to infringe is not essential to a cause of action for infringement, it is material upon the question of fair use).

70. *E.g.*, Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240, 1245 (3d Cir. 1983) (finding that defendant copied plaintiff's computer program because it was "not feasible" to write her own); Lotus Dev. Corp. v. Paperback Software Int'l, 740 F. Supp. 37, 70 (D. Mass 1990).

71. 17 U.S.C. § 506-11 (1994).

72. Patry himself acknowledges this distinction. PATRY, *supra* note 47, at 13, 18.

73. For example, what is the proper framework for analysis when a user in bad faith appropriates portions of a work but produces a wholly new product as some might suggest was the case in *Acuff-Rose*? *See supra* note 17; *see also* Pierre N. Leval, *Towards a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990).

74. See Folsom v. Marsh, 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901). "[A]n abridgement . . . contains an epitome of the work abridged and consequently conveys substantially the same knowledge . . . . [It] must adopt the arrangement of the work abridged." Story v. Holcombe, 23 F. Cas. 171, 174-75 (C.C.D. Ohio 1847) (No. 13,497).

anticipated the exacerbated modern dilemma. In distinguishing between a compiler and an abridger for example, the court noted that

> [the] labor is of a different kind, and of a higher order. It is therefore important that the works of these two characters should not be so blended as to place them upon the same footing: and yet in many of the decisions, no distinction is made between them. The same facts and reasoning are applied indiscriminately to both cases; and not infrequently there is confusion in the argument, which tends more to perplex than to enlighten the reader.[75]

While the 1976 Act makes it clear that the codification of the *Folsom* elements are illustrative rather than limiting,[76] this actually harms, not helps, the doctrinal coherence of modern fair use.[77] The balancing method is a juggling act that, in recent times, has resulted less and less in decisions

---

75. *Story*, 23 F. Cas. at 175. The court in *Story* opined that abridgements represented more intellectual labor and produced something new as opposed to compilations, which simply collected and reproduced verbatim what another had written. Therefore, the court reasoned that compilations had a narrower scope of fair use. In the court's analysis, if a compilation affected the value of the original work, it would be an infringement. For an abridgement, injury alone in the market would not be sufficient to constitute an infringement. Using the work to produce something else was, in a sense, *per se* lawful. *Id.* This conclusion is consistent with Professor Patterson's argument that common-law copyright premised on publication could not be used to prohibit uses of the work for other purposes. *See* Patterson, *supra* note 41, at 390-91; *see also* Leval, *supra* note 73, at 1106-07, stating that

> courts have treated the definition of the doctrine as assumed common ground. The assumption of common ground is mistaken. Judges do not share a consensus on the meaning of fair use. Earlier decisions provide little basis for predicting later ones. Reversals and divided courts are common place. The opinions reflect widely differing notions of the meaning of fair use. Decisions are not governed by consistent principles, but seem rather to result from intuitive reactions to individual act patterns. . . . Confusion has not been confined to judges. Writers, historians, publishers, and their legal advisers can only guess and pray as to how courts will resolve copyright disputes.

Id.; William W. Fisher, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659 (1988)(making a similar point).

76. *See* Notes of Committee on the Judiciary, H.R. REP. NO. 94-1476, at 68 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5681 (stating "[t]here may be instances in which copying which does not fall within the guidelines . . . may nonetheless be permitted under the criteria of fair use").

77. It is interesting to note that Congress expected a case-by-case resolution of fair use disputes. In addition to desiring flexibility, this might have been necessary because, as I argue, the common law premise was misstated and it was not clear even to Congress that there existed a clear and settled framework for fair use analysis. Obscurity existed because courts of the day had mixed the fair use, fair quotation, and fair abridgement cases, making no distinctions in their analysis.

which prioritize the public interest.[78] Fair use is often described like charity—a "privilege" or an "accommodation" to subsequent users as though they were not contemplated in the welfare vision of copyright protection.[79] The all too familiar (mis)characterization of fair use as a "privilege," a "right," or "a use technically forbidden by law"[80] all indicate the distance fair use has traveled from its original conception.[81] The truncated conformation of the concept of fair use, or fair use misstated, has engendered inconsistency in the set of welfare norms applied by the courts,[82] and promoted a general sense that the fair use doctrine is unstable, unreliable, and troublesome.[83] In some regard, however, the "contraction-by-codification" of the fair use doctrine was consistent with the significant expansion of copyright rights reflected in the 1976 Copyright Act,[84] thus setting the stage for the continuous proliferation of rights witnessed today.[85]

B. *Diminishing Welfare: Copyright, the Scope of Derivative Works, and Fair Use*

Consistent with the contraction of public welfare norms, the 1976 Act extended protection to derivative works.[86] However, the Copyright Act of

78. *E.g.*, Princeton Univ. Press v. Mich. Document Servs., Inc., 99 F.3d 1381 (6th Cir. 1996) (en banc); Am. Geophysical Union v. Texaco, Inc., 60 F.3d 913 (2d Cir. 1994).

79. This sterile view of users is replicated in copyright law's conception of authorship. Copyright law views authorship as a single, private act by an author who is unaffected by her surroundings, her history, her present, or the various interrelationships that undeniably shape her understanding of the world. I have challenged this view of authorship by contesting the relevance, and thus, application of copyright principles to societies who recognize authorship as a process of building community and the result of interactions between the dead and the living, and between the past and present. *See* Ruth Gana, *Has Creativity Died in The Third World? Some Implications of the Internationalization of Intellectual Property*, 24 DENV. J. INT'L L. & POL'Y 109 (1995). Several scholars have also challenged this enlightenment-based view of authorship in the European cultural milieu. *E.g.*, THE CONSTRUCTION OF AUTHORSHIP: TEXTUAL APPROPRIATION IN LAW AND LITERATURE (Martha Woodmansee & Peter Jaszi eds., 1994); James Boyle, *A Theory of Law and Information: Copyright, Spleens, Blackmail, and Insider Trading*, 80 CAL. L. REV. 1413 (1992); Peter Jaszi, *Toward a Theory of Copyright: The Metamorphoses of "Authorship,"* 1991 DUKE L.J. 455.

80. R. DEWOLF, AN OUTLINE OF COPYRIGHT LAW 143 (1925).

81. Loren, *supra* note 57, at 15.

82. *See* Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1107 (1990).

83. *See* Dellar v. Samuel Goldwyn, Inc., 104 F.2d 661, 662 (2d Cir. 1939) ("[T]he issue of fair use . . . is the most troublesome in the whole law of copyright.").

84. Scholars have suggested that in some ways the 1976 Copyright Act weakened, rather than strengthened, copyright protection; they point to the preemption of state and common law copyright and any concomitant rights or statutes equivalent to copyright, as well as the codification of the fair use doctrine. *See* ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 324 (1997).

85. *See* Patterson, *supra* note 41, at 391.

86. 17 U.S.C. § 106(2) (1994).

1909 had previously extended copyright to include the right to make adaptations and other related works.[87] Any meaningful reconfiguration of the fair use doctrine will depend on the delineation of the proper scope of derivative works.

Derivative rights extended the reach of copyright beyond the original work to the popular subjects of fair use under common law, such as abridgements[88] and compilations. The addition of derivative rights to the list of exclusive rights granted to authors in particular reinforces the earlier argument that codification did alter the balance of interests implicit in the copyright system and, ultimately, contracted the fair use doctrine as conceived in common law. Put differently, although the codification of fair use served to ensure its entrenched role in copyright, the right to make derivative works in fact delimited the scope of common law fair use. The protection of derivative rights, at least in theory, makes navigation between

87. The 1909 Copyright Act extended copyright protection to include the exclusive right to "translate . . . or make any other version thereof, if it be a literary work; to dramatize it if it be a nondramatic work; to convert it into a novel or other nondramatic work if it be a drama; to arrange or adapt it if it be a musical work." Copyright Act of 1909, ch. 320, § 1(b), 35 Stat. 1075. The 1909 Copyright Act also added a public performance right. *Id.* § 1(d)-(e). It is interesting to note that the definition of derivative works in the 1976 Copyright Act substantially mirrors section 1 of the 1909 Copyright Act. Indeed, the new rights granted under the 1909 Act were introduced in section 101 of the 1976 Copyright Act as examples of derivative works. 17 U.S.C. § 101; *see also* Notes of Committee on the Judiciary, H.R. Rep. No. 94-1476, at 57-58 (1976), *reprinted in* U.S.C.C.A.N. 5659, 5670-71. The 1976 Copyright Act defines a derivative right as the right of the author to prepare a work based on one or more preexisting works, which may themselves be copyrighted works. 17 U.S.C. § 106(2). Examples include "translations, musical arrangements, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, *or any other form in which a work may be recast, transformed or adapted.*" Id. at § 101 (emphasis added); *see also* Vault Corp. v. Quaid Software Ltd., 847 F.2d 255, 259 & n.5 (5th Cir. 1988). Derivative works are themselves independently copyrightable and the degree of creativity, like that needed for an original grant of copyright, is minimal. *See* Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 250 (1903); Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99, 102 (2d Cir. 1951) ("'Original' in reference to a copyrighted work means that the particular work 'owes its origin' to the 'author.' No large measure of novelty is necessary . . . . [N]othing in the Constitution commands that copyrighted matter be strikingly unique or novel."). The Copyright Act of 1790 had granted authors or other lawful owners of a book, map, or chart the sole right to publish (printing and reprinting) the work for a period of fourteen years. Copyright Act of 1790, ch. 15, § 1, 1 Stat. 124.

88. An abridgement was defined in one instance as "'an act of understanding, employed in carrying a large work into a smaller compass, and rendering it less expensive, and more convenient both to the time and use of the reader which made an abridgement in the nature of a new and a meritorious work.'" PATRY, *supra* note 47, at 10 n.19 (quoting Strahan v. Newbery, Lofft 775 (1774)). Although it did not agree that an abridgement constitutes fair use of a copyrighted work, the court in *Story v. Holcombe* held that to constitute fair use, "[t]here must be real substantial condensation of the materials, and intellectual labor and judgment bestowed thereon." 23 F. Cas. 171, 173 (C.C.D. Ohio 1847) (No. 13,497).

protected rights and works that constitute legitimate uses an onerous process.[89]

To constitute a derivative work, the infringing work must incorporate some portion of the copyrighted work and be substantially similar to the copyrighted work.[90] However, this definition of a derivative work is not helpful for separating the wheat from the chaff in fair use cases. Since fair use typically involves the incorporation of some portion of a previously protected work, the merits of a fair use defense will be judged in light of the right to make a derivative work. This retains a negligible part of a protected work for others to utilize and privileges certain kinds of use over others. For example, those uses that intrude on First Amendment freedoms, such as use of protected material in news reporting, comment, or parody tend to yield more favorable fair use decisions than creative uses that result in new products.[91] Non-transformative use with diffuse social value is the least likely to receive protection, and this is precisely the category where much activity in cyberspace is likely to fall. More importantly,

89. In which case, the scope of fair use would be narrow indeed. Fair use could only be found if the resulting new work did not amount to a derivative work. Since the list of works under section 106 is not exhaustive, it would be up to the courts to determine the bounds of a derivative work, particularly where the work does not fall under any of the examples listed. Only where a work is determined not to be a derivative work, and thus not an infringement of the author's rights, should the court continue with a fair use inquiry. It is unlikely that courts will be willing to engage in this sort of divination. Consequently, a finding of infringement of the right to make a derivative work is more likely to be a court's holding, rather than a finding of fair use.

90. *See* Mirage Editions, Inc. v. Albuquerque A.R.T. Co., 856 F.2d 1341, 1343-44 (9th Cir. 1988); Horgan v. MacMillan, Inc., 789 F.2d 157, 162 (2d Cir. 1986).

91. The democratic paradigm of copyright recently advanced by Neil Netanel is nourished, in part, by these two accepted uses of copyrighted material. *See* Netanel, *supra* note 38, at 283-88. Netanel argues that copyright's fundamental goal is to support a democratic culture. He advances his democratic paradigm by identifying a production and structural strand of copyright protection. The production function supports democratic society because it incentivizes creative expression that enables discourse. The structural function ensures that such discourse is free from the influence of state and other powerful elite actors so that the value of the discourse is not diminished by the stain of control. While I agree with the themes evident in Netanel's work, his democratic paradigm fails to account for power imbalances in civil society that affect the form and content of political discourse. In this regard, Netanel's article may be categorized as an institutional approach to copyright. That is, an evaluation of copyright in light of other institutions such as the market, that undergird most liberal democracies. *Id.* (describing the two dominant approaches to copyright expansion as neoclassical economics favoring expansion and minimalist critics favoring free uses). In contrast, this article is focused on the internal order of copyright and how this order tends to perpetuate imbalances among relationships. This imbalance is not limited to the political process, but is an economic phenomenon. I argue that the economic impact of the copyright order is what determines the feasibility of copyright as an agent of democratic growth and as an arbiter between the *haves* and the *have-nots*. Rather than rely on external mechanisms to redistribute resources in a way that allows for the democratic paradigm Netanel advances, I identify fair use as an internal mechanism that is consistent with the structural and production functions but that, in addition, enables economic redistribution and social expression that will, in turn, contribute to a robust civil society.

transformative uses that might be protected as fair use may, on the other hand, also infringe the copyright owner's derivative right. If copyright's goal is to encourage production, access, and use then it seems self-defeating to preclude another party from engaging in creative expression based on the first work, while also giving the first author the right to restrict access to the work. A literal application of the derivative right results in the evisceration of fair use as conceived in common law. It transforms infringement analysis by requiring courts to examine the original work and then discern which other works the first author might potentially create,[92] rather than examining the nature of the use made by the alleged infringer.

Modern fair use has found a semi-comfortable roost in two significant areas, namely (1) private noncommercial copying[93] and (2) copyrighted material which contains information of public interest.[94] Private, noncommercial copying and public interest information secure components of public welfare concerns such as the ability to benefit from new technology.[95] These uses represent activities the government deems worthwhile enough to supplant the profit and monopoly interests of authors. While neither ground is an absolute bar to a finding of infringement,[96] it is well settled that a presumption of fairness attaches to

92. *See supra* note 87 and accompanying text.

93. *E.g.*, Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 454-55 (1984); Computer Assocs. Int'l v. Altai, Inc., 982 F.2d 693, 721 (2d Cir. 1992).

94. *E.g.*, National Rifle Ass'n of Am. v. Handgun Control Fed'n of Ohio, 15 F.3d 559 (6th Cir. 1994); Consumers Union of United States, Inc. v. Gen. Signal Corp., 724 F.2d 1044, 1050 (2d Cir. 1983) (finding that scope of fair use doctrine wider where information conveyed relates to matters of high public concern); Rosemont Enters., Inc. v. Random House, Inc., 366 F.2d 303, 307 (2d Cir. 1966) (determining that biographers have wider latitude in utilizing prior works because of public benefit in the distribution of historical and biographical works); Meeropol v. Nizer, 417 F. Supp. 1201, 1206 (S.D.N.Y. 1976), *aff'd in part, rev'd in part*, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013 (1978) (stating historical work of espionage trial was of public benefit, and thus entitled to fair use protection even though devoid of independent research); Time, Inc. v. Bernard Geis Assocs., 293 F. Supp. 130, 146 (S.D.N.Y. 1968) (finding fair use in the reproduction of frames from a copyrighted motion picture film of the assassination of President Kennedy because of the public interest in having the fullest information available on the assassination); Henry Holt & Co. v. Liggett & Myers Tobacco Co., 23 F. Supp 302, 304 (E.D. Pa. 1938) (stating in dicta that exact words contained in a copyrighted book in a field of science or art can be used by others for the advancement of such science or art).

95. *See Sony*, 464 U.S. at 429.

96. *E.g.*, Los Angeles News Serv. v. Tullo, 973 F.2d 791, 798-99 (9th Cir. 1992) (holding fair use did not protect use of copyrighted videotapes of sites of airplane crash and train wreck, and that commercial character of the use as well as the adverse impact on owner's potential market all weighed against a finding of fair use); Marcus v. Rowley, 695 F.2d 1171, 1177 (9th Cir. 1983) (finding learning activity package that contained portions of copyrighted material used for nonprofit educational purpose and distributed to students at no charge did not automatically compel a finding of fair use); Radji v. Khakbaz, 607 F. Supp. 1296, 1300-01 (D.D.C. 1985) (deciding that a book or article that describes political or other events of significance is not a *per se* defense under the fair use doctrine).

these uses.[97] Another interesting feature of modern fair use is the strong presumption against a finding of fair use where a work is unpublished.[98]

Under a common law fair use analysis, public interest uses would *not* fall under the jurisdiction of the fair use doctrine. While both these areas satisfy some public welfare ideals, they are not, strictly speaking, the proper subjects of the fair use defense. These particular welfare interests should be protected under a different doctrinal aegis.[99] An early British approach provides a useful example. The British Copyright Act of 1911 made several exceptions to the exclusive rights granted to authors.[100] Specifically, the 1911 Act named the following categories of works and uses of works as immune from infringement:[101] uses for educational purposes, review, private study, research or news commentary, and recitations in public of a reasonable extract from any published work or

97. In other words, the scope of fair use is considerably broader where these uses are at issue. *E.g., National Rifle Ass'n*, 15 F.3d at 562 (finding that scope of fair use is broader where use relates to issues of public concern); Diamond v. Am-Law Publ'g. Corp., 745 F.2d 142, 148 (2d Cir. 1984) (determining, under fair use doctrine, informational works may be more freely published); *Consumers Union*, 724 F.2d at 1049 (scope of fair use is broader with respect to informational work); H.C. Wainwright & Co. v. Wall St. Transcript Corp., 418 F. Supp. 620, 625 (S.D.N.Y. 1976) (asserting that the doctrine of fair use has been shaped by the courts to assure the public's access to knowledge of general import, which includes such classic instances of fair use as literary criticism, parody of the copyrighted work, history, and biography). However, that there is even a need to isolate uses such as private noncommercial copying and the dissemination of information of public interest is, again, indicative of how far fair use has broken from its common law roots.

98. *See* Harper & Row, Publ'rs, Inc. v. Nation Enter., 471 U.S. 539, 552-53 (1985). When a work is unpublished the court rightly is concerned about misappropriation, particularly in a news reporting context, as was the case in *Harper & Row*. *Id.* Yet, employing fair use as a basis for protecting unpublished works undercuts the purpose and meaning of the doctrine. Who benefits when a work remains unpublished? Why grant statutory protection if secrecy will be utilized? The act of "scooping" a story in an attempt to be first to publish it, such as happened in *Harper & Row*, ought to be adequately protected under alternative legal theories, such as criminal misappropriation or invasion of privacy. *Id.* Indeed, intentional infringement of copyright for financial gain is a criminal offense. 17 U.S.C. § 506(a) (1994).

99. Other countries such as the United Kingdom address the variety of welfare concerns differently. For example, the British Copyright, Designs, and Patents Act of 1998 clearly identifies a set of uses which would constitute fair use ("fair dealing" in British terminology). In addition, however, the British law recognizes a defense of public interest to protect uses that encourage free speech. Professor Litman has made a similar argument by suggesting that copyright simply cannot bear the weight of all the different welfare needs that may implicate or even overlap with the copyright regime. Jessica Litman, *Reforming Information Law in Copyright's Image*, 22 U. DAYTON L. REV. 587, 613-18 (1997).

100. The 1911 Copyright Act extended the nature of the copyright grant to include every original "literary, dramatic, musical and artistic work." Copyright Act, 1911, 1 and 2 Geo. 5, c. 46 (Eng.). The Act also extended the rights of authors to include the right to translate; to convert into a novel or other non-dramatic work; to convert a nondramatic work into a dramatic work through public performance; and, "in the case of a literary, dramatic or musical work, to make a record, perforated roll, cinematographic film or other contrivance by means of which the work may be mechanically performed or delivered." *Id.* § 1(a)-(d).

101. These categories remain the standard categories of fair use works. *See id.* § 2(1).

publication in a newspaper of a report or lecture delivered in public.[102] The 1911 Act made very clear that some amount of the protected work was freely available to the public to build upon. This had long been the case before the Act was passed. In *Wilkins v. Aikin*,[103] the court held that "[t]here is no doubt, that a man cannot, under the pretence of quotation, publish either the whole or part of another's work; though he may use . . . fair quotation."[104] Admitting the difficulty of defining what constitutes a fair amount, the court held that the test is "whether this is a legitimate use" of the work, "deserving the character of an original work."[105] In another case,[106] the court held that there could be no infringement where the sample taken from one work and introduced into another is not "substantial and material."[107]

The succeeding 1956 British Copyright Act exempted the same categories of works as the 1911 Act[108] and construed these uses as "general exceptions" to an author's exclusive right rather than as examples of fair use.[109] In other words, these uses of copyrighted works were deemed to be outside the appropriate sphere of the fair use doctrine.[110] Section 49(1) of the 1956 British Copyright Act established the general rule regarding the scope of the author's rights and delineated a threshold requirement that "the doing of any act in relation to a work or other subject-matter of copyright" meant or referred to "the doing of an act in relation to a *substantial part*" of the copyrighted work.[111] By identifying the "floor" of disapproved uses as a significant reproduction of a protected work, the lens of fair use examination under both the 1911 and the 1956 British Copyright Acts was properly adjusted.[112]

As the cases developed, however, courts departed from the earlier mode of analysis and more frequently found that infringement had occurred. These later cases shifted the focus from determining whether a substantial amount of the protected work had been taken to addressing the competitive effect or commercial impact of the new work,[113] and the quality of the

102. *Id.*

103. 17 Ves. 422 (1810) (Eng.).

104. *Id.* at 424.

105. *Id.* at 425.

106. Chatterton v. Cave, 3 App. Cas. 483 (1878) (Eng.) (considering an alleged violation of the Dramatic Copyright Act of 1833).

107. *Id.* at 485.

108. Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, § 2(1) (Eng.).

109. *See* J.P. EDDY, THE LAW OF COPYRIGHT 66 (1957).

110. *See id.*

111. *Id.* (emphasis added).

112. For many years, the dominant issue faced by courts revolved around what constituted a "substantial" part. *See id.* at 67.

113. *See* Weatherby & Sons v. Int'l Horse Agency & Exch., Ltd., 102 L.T.R. 856, 858 (1910) (Eng.).

work taken.[114] The analysis rarely centered on the end product or the value of the alleged infringement[115] as compared to the protected work. Indeed, it appeared that by the time of the 1956 Act,[116] a property-oriented approach to the subject matter of copyright was firmly entrenched in the British courts.[117]

In the United States an even stronger, maximalist tradition has recently dominated the landscape of modern fair use jurisprudence. Uses, for purposes of criticism or review, are protected to reinforce First Amendment goals; private, non-commercial use appeals to constitutional values of privacy and, more cynically, may be deemed analogous to the concept of harmless error. The underlying rationale for these accepted uses distinguishes them from other social norms that undergird the desire for public access to copyright works. Consequently, they should be separately nurtured for their distinct welfare benefits but not considered fair use "exceptions," which effectively shrinks the genuine fair use corpus. By reserving the strongest applications of fair use to activities that do not result in a specific new product and that do not directly affect the author's economic interests, the modern fair use doctrine unduly undermines the potential inherent in copyright for retooling the doctrine to serve a broad public welfare function that would promote a diversity of uses, means, and ends.[118]

C. *Reviving Fair Use: The Case of New Technologies*

In the context of new technologies, fair use, and the scope of derivative works has a slightly different permutation. It is clear that the categories of works listed under section 107 of the 1976 Act are not exceptions from the

114. *See* Bramwell v. Halcomb, 3 My. & Cr. (Ch.) 737, 740 (1836) (Eng.).

115. *See* Loren, *supra* note 57, at 27-32.

116. It is interesting to note that the revision of Copyright Law in England became necessary in view of "technical developments of far reaching importance . . . in relation to sound and television broadcasts, cinematographic films and gramophone records; and these called for amending legislation." EDDY, *supra* note 109, at 3. Established in 1951, the Copyright Committee examined the laws with regard to these developments and gave their recommendation. *See id.* This process and the motivation behind it parallels CONTU in the United States. Even more interestingly, the conclusions of the Copyright Committee were similar to that of the CONTU Report.

117. Either the Copyright Committee did not note the distinction between the 1911 fair use provision or, as is more likely, chose to rearrange the fair use provision to include as examples of fair dealing the very same works it had listed as "[g]eneral exceptions from protection of literary, dramatic and musical works." *See* Copyright Act, 1956, 4 & 5 Eliz. 2, c. 74, § 6 (Eng.). This strange twist apparently was inadvertent and led to the treatment of exceptions as infringements, thus implicating fair use. *See* EDDY, *supra* note 109, at 66-71 (discussing notes to section 6 of the 1956 British Copyright Act).

118. *But see* Loren, *supra* note 57, at 30 (criticizing court's emphasis on transformative use to the exclusion of other productive uses).

protection given by copyright, but examples of fair use.[119] However, section 117 is a different matter. The section provides that "it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program,"[120] and proceeds to list categories of permitted uses.[121] These uses are outside the scope of the authors' rights unless the activities exceed the bounds delineated in the 1976 Copyright Act. What is significant is the legislative incursion on owners' rights to delineate uses that do not, as a threshold matter, automatically constitute infringement.

The courts have favorably applied the fair use doctrine where the amount of copying is minimal or where the allegedly infringing work results in a wholly new product in spite of the fact that the new product in some way incorporates a portion of the prior protected work. This has been particularly evident with cases dealing with technology development. Section 117 of the Act also provides special limitations on exclusive rights where the complaint involves certain uses of computer programs.[122] In addition to situations where a copy or adaptation is made as an essential step in the use of the computer program,[123] the section permits use where a copy is made for archival purposes.[124] The Act makes clear that these two

---

119. *See* Notes of Committee on the Judiciary, H.R. REP. NO. 94-1476, at 65 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5678 ("The examples... while by no means not exhaustive, give some idea of the sort of activities the courts might regard as fair use . . .: 'quotation of excerpts in a review or criticism for purposes of illustration or comment.'").

120. 17 U.S.C. § 117(a) (1994).

121. *Id.* § 117(a)(1)-(2).

122. *See id.* Section 117 (Limitations on exclusive rights: Computer programs), provides, in relevant part:

> (a) Making of additional copy or adaptation by owner of copy. Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided:
>
> (1) that such a new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner, or
>
> (2) that such new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that continued possession of the computer program should cease to be rightful.
>
> (b) Lease, sale or other transfer of additional copy or adaptation. Any exact copies prepared in accordance with the provisions of this section may be leased, sold, or otherwise transferred, along with the copy from which such copies were prepared, only as part of the lease, sale, or other transfer of all rights in the program. Adaptations so prepared may be transferred only with the authorization of the copyright owner.

Id. § 117(a)-(b).

123. *Id.* § 117(a)(1).

124. *Id.* § 117(a)(2).

uses fall outside the range of infringement; in other words, use for any of these two purposes is *prima facie* a valid use of protected work.[125] Unlike literary works where the courts have tended to require that infringement must be *disproved* regardless of the nature of the use,[126] section 117 precludes the issue of infringement where a computer program has been used in any of the specified ways under the provision.[127] Inexorably, some courts have construed these uses as examples of fair use.[128]

Extending the concept of fair use to statutory *exceptions* leads to a circular interpretation of the 1976 Act. If Congress was confident that application of the fair use doctrine would result in sufficient levels of public access and use of new technology, surely Congress would have declined to carve out these specific exceptions.[129] Arguably then, the creation of statutory exceptions should *expand* the scope of acceptable free uses and impliedly give more room to account for welfare norms rather than *contract* the overall allocation of rights between public users and private owners. Thus, while this particular brand of fair use has reinvigorated the access strand of the welfare conundrum and judicial application of this vein of fair use to new technology has netted some important welfare results, overall it does not significantly enhance the promotion of use-welfare, which is a precursor to other forms of social, political, and economic participation in a networked era.[130]

Several cases involving computer programs have also enriched the scope of access-welfare. In *Sega Enterprises, Ltd. v. Accolade, Inc.*,[131] defendant Accolade argued that disassembly of an object code to gain

125. *See* Sega Enters., Ltd. v. Accolade, Inc., 977 F.2d 1510, 1521 (9th Cir. 1992). "Section 117 defines a narrow category of copying that is lawful *per se*." *Id.*

126. *See* Entertainment Research Group, Inc. v. Genesis Creative Group, Inc., 122 F.3d 1211, 1217 (9th Cir. 1997) (concluding copyright registration shifts burden to defendant to demonstrate the invalidity of the copyright); Rogers v. Koons, 960 F.2d 301, 306 (2d Cir. 1992); D.C. Comics, Inc. v. Mini Gift Shop, 912 F.2d 29, 35 (2d Cir. 1990) (holding that burden is on the defendant to prove any infringement was innocent).

127. 17 U.S.C. § 117(a).

128. *See, e.g.*, Atari Games Corp. v. Nintendo of Am. Inc., 975 F.2d 832, 842-43 (Fed. Cir. 1992) (holding that the fair use exception is the appropriate test for determining the propriety of decompilation).

129. The CONTU Report suggested that the statutory exceptions created in section 117 were based on the unique characteristics of computer programs. "Because the placement of a work into a computer is the preparation of a copy, the law should provide that persons in rightful possession of copies of programs be able to use them freely without fear of exposure to copyright liability." CONTU Report, *supra* note 5, at 13. The report further provided that "because of a lack of complete standardization among programming languages and hardware in the computer industry, one who rightfully acquires a copy of a program frequently cannot use it without adapting it to that limited extent which will allow its use in the possessor's computer." *Id.*

130. *See Sega*, 977 F.2d at 1523 ("[W]e . . . note that we are free to consider the public benefit resulting from a particular use . . . . Public benefit . . . may arise because the challenged use serves a public interest."); *see also* MCA, Inc. v. Wilson, 677 F.2d 180, 182 (2d Cir. 1981).

131. 977 F.2d 1510 (9th Cir. 1992).

understanding of the ideas and functional concepts embodied constitutes fair use of the object code.[132] The court agreed, to some extent, with the argument and held that disassembly of an object code was considered fair use where such disassembly presented the only way to gain access to unprotected aspects of computer programs.[133] Such unprotected aspects include the ideas and functional elements embodied in the copyrighted program.[134] Notably in *Sega*, disassembly facilitated both use- and access-welfare.

In *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*,[135] Nintendo, a game cartridge manufacturer, brought a copyright infringement suit against a company that manufactured a product that enhanced the audio-visual displays of Nintendo games. Nintendo claimed that the product infringed its right to make derivative works. The Ninth Circuit affirmed the decision of the district court, finding that the product did not infringe the plaintiff's rights.[136] The court reasoned that the altered displays of the Nintendo games did not incorporate a portion of the copyrighted work in a concrete or permanent form.[137] Since the allegedly infringing product could not independently generate the altered displays, the court found that it was not a derivative work, and thus could not be an infringement.[138] The court held that "technology often advances by improvement" and "[s]uch innovations rarely will constitute infringing derivative works under" copyright.[139] The court also found that even if the allegedly infringing product was a derivative work, it was a fair use of the protected work.[140]

---

132. *Id.* at 1517.

133. *Id.* at 1520.

134. *Id.* at 1525-28. Professor Miller has argued against the attempt to distinguish use and accessibility, because allowing accessibility invariably weakens copyright protection. Arthur R. Miller, *Copyright Protection for Computer Programs, Databases, and Computer-Generated Works: Is Anything New Since CONTU?*, 106 HARV. L. REV. 977, 988-90, 1026-32 (1993). Accessibility is also one of the elements for proving infringement. As an evidentiary matter, the accessibility argument is a double-edged sword. Whatever the merits of allowing access to unprotected elements of a computer program or software, the fact that accessibility is easier proven where new technology is concerned would mean that the plaintiff needs to focus primarily on demonstrating substantial similarity in the two works in order for the court to find infringement. However, it is the modern version of fair use that renders this effect. Traditional common law fair use doctrine made this distinction unnecessary because accessibility to certain types of works was guaranteed. As described earlier, certain uses simply fell outside the scope of copyright, for example legislative texts. Other uses were immunized from infringement proceedings such as the exceptions in § 117.

135. 964 F.2d 965 (9th Cir. 1992).

136. *Id.* at 967.

137. *Id.* at 968.

138. *Id.* at 969.

139. *Id.*

140. *Id.* at 969-72. *But see* Micro Star v. Formgen, 154 F.3d 1107, 1113 (9th Cir. 1998) (overruling *Galoob*).

In a recent decision by the Ninth Circuit, *Micro Star v. Formgen Inc.*,[141] user-created game levels based on Formgen's computer game were posted on the Internet at Formgen's encouragement.[142] Micro Star downloaded these game levels from the Internet, stamped them onto a CD, and sold them commercially.[143] Formgen sued for infringement.[144] In a rather tortured analysis, the court held that the new game levels constituted a derivative work, and thus Micro Star was guilty of infringement.[145] In response to the argument that the game levels were created by users' and not Formgen, the court distinguished *Galoob* on two unconvincing premises.[146] First, the court held that the fair use analysis in reference to the derivative works arguably created by Game Genie, was unnecessary in *Galoob*, and therefore, just dicta.[147] Second, the court held that *Galoob* involved a claim of contributory infringement—that Galoob was helping users create derivative works, while Formgen alleged direct infringement because the computer files in the CD sold by Micro Star contained new stories about the protagonist of Formgen's computer game, thus they were derivative works themselves.[148]

Although some commentators suggest that *Formgen* was an undoing of *Galoob*, the decision appears consistent with the theoretical underpinnings of fair use and derivative works as applied in *Galoob* and the common law fair use doctrine. As discussed earlier, the protection of derivative works adds tremendous pressure to fair use analysis, particularly in the area of new technology. In *Formgen*, the players of the computer game arguably were given a license to create derivative works both because the computer game was built specifically to allow the creation of new levels,[149] and because Formgen encouraged users to post their creations on the Internet.[150] This license, however, did not extend to Micro Star. The court invoked section 204 of the 1976 Act, which requires transfers of exclusive rights to be in writing. Because no written agreement existed between Formgen and Micro Star, the court declined to find that Micro Star was a beneficiary of the license between the player/authors and Formgen.[151]

The result in *Micro Star* is curious in several regards. The court's overall conclusion that the compilation of the user-created game levels does not qualify as fair use is consistent with the common law fair use

141. 154 F.3d 1107 (9th Cir. 1998).
142. *Id.* at 1109.
143. *See id.*
144. *See id.*
145. *See id.* at 1113-14.
146. *Micro Star*, 154 F.3d at 1113.
147. *Id.* at 1113.
148. *Id.*
149. *See id.* at 1109.
150. *See id.* at 1114.
151. *Id.*

cases. Micro Star did not add anything of creative value to the computer game. In this sense, the case is distinguishable from *Galoob,* where there was an introduction of a new product to the public. Indeed, all that Micro Star did was to exploit a market opportunity, which, while not a bad thing in itself, implicated one of the weightier questions in modern fair use analysis, namely the use of protected expression made for commercial purposes.[152] Thus, the absence of any creative content of its own together with the presence of commercial exploitation tipped the fair use analysis against Micro Star. The court concluded that the market for selling user-created game levels was reserved for Formgen alone.[153]

While the result in *Formgen* is defensible, the rationale regarding the market exploitation is worrisome. It is not clear that Formgen itself was the legitimate copyright owner to the user-created game levels. Indeed, the only written license in the case included no language as to ownership of the game levels, and suggests instead that Formgen did not view itself as the owner of the new game levels.[154] The court noted that a nonexclusive license can be oral, but declined to find that Micro Star had a nonexclusive license, insisting instead that an exclusive license must be in writing.[155] The fact that all Micro Star did was exploit a market opportunity, rather than engage in creative work, does not mean that it could not plausibly be exercising rights under an implied nonexclusive license. And if, as the court found, the users had a license to create derivative works, it should have made a determination as to who owned the copyright to the new game levels. In the absence of language to the contrary, the users should own the copyright to their created levels, thus Formgen should not have been able to maintain a claim for infringement against Micro Star. In sum, it appears that the court in *Formgen* wanted to protect Formgen's market share for its video game and Formgen's choice to exploit commercial opportunities. The court did so by latching on to copyright's coattails—and that in a less than encouraging way.

In *Vault Corp. v. Quaid Software Ltd.*,[156] Vault alleged copyright infringement of a computer program when Quaid attempted to develop its own software program by copying and deconstructing the Vault program.[157] Vault contended that the "copy" violated its exclusive right to make copies[158] and its exclusive right to make derivative works.[159] In a

152. *See id.*

153. *Id.*

154. *See id.* at 1113.

155. *Id.*

156. 847 F.2d 255 (5th Cir. 1988).

157. *Id.* at 256. The program Vault developed was a locking device, which functioned to prevent the unauthorized copying of programs on Vault diskettes. *Id.*

158. *See* 17 U.S.C. § 106(1) (1994).

159. *See id.* § 106(2).

Cary-esque analysis, the circuit court in *Vault* declined to construe section 117 so narrowly. The court held that, absent clear Congressional intent, limiting the utilization of programs to uses intended by the owner was not contemplated by the wording of section 117.[160] Moreover, the court found that the product Quaid eventually developed did not perform the same function as Vault's software, and thus was not "substantially similar." As a result, the court held that the Quaid product was not a derivative work.[161]

Finally, in *Foresight Resources Corp. v. Pfortmiller*[162] the court held that an owner's right to improve or enhance a computer program is not exclusive.[163] This treatment of new technology, though drawing criticism from some scholars and courts,[164] is more consistent with the common law fair use doctrine. These cases evince three important welfare elements in the application of fair use, or other exceptions, to new technologies. First, there is a welfare interest to promote use and access to new works. Use-welfare and access-welfare ensure that the public knows what the new product is and how it works. The end result is a well informed, better skilled, and ultimately, improved society.[165] Second, new technology cases such as *Sega* recognize the limitations inherent in the technical framework of the specific product and that improvements in technology are an important public welfare concern. Thus, courts have protected such improvements either independently (for example by limiting the scope of contributory infringement) or through the fair use doctrine. Finally, the right to make improvements has emerged, albeit still in its nascent form, as an important norm in the context of new technological applications.

160. *Vault*, 847 F.2d at 261.

161. *Id.* In *Midway Mfg. Co. v. Arctic Int'l, Inc.*, 704 F.2d 1009 (7th Cir. 1983), the court held that the sale of a product which accelerates a computer game is contributory infringement because the games are derivative works. *Id.* at 1013. One way to distinguish *Vault* is that the resulting work from the infringement did not perform the same function as the originally protected work.

162. 719 F. Supp. 1006 (D. Kan. 1989).

163. *Id.* at 1010.

164. *See, e.g.*, Lotus Dev. Corp. v. Paperback Software Int'l, 740 F. Supp. 37, 58 (D. Mass. 1990). Critics of this approach argue that since technology is costly to produce and easy to copy, allowing others to "stand on the shoulders" of those who preceded them is unfair and creates a disincentive for pioneering innovation. *See* Miller, *supra* note 134, at 1026; *see generally* Note, *Toward a Unified Theory of Copyright Infringement for an Advanced Technological Era*, 96 HARV. L. REV. 450 (1982).

165. *But see* Bell, *supra* note 1, at 589 (arguing that automated rights management systems will provide better quality information to users). For a different view grounded in constitutional theory, see Yochai Benkler, *Constitutional Bounds of Database Protection: The Role of Judicial Review in the Creation and Definition of Private Rights in Information*, 15 BERKELEY TECH. L.J. 535 (2000); *see also* Julie E. Cohen, *Lochner in Cyberspace: The New Economic Orthodoxy of "Rights Management,"* 97 MICH. L. REV. 462 (1998) (criticizing economic approaches to rights management that insist that absolute property rights in cyberspace are the best means of promoting public welfare).

While this has been more evident in the patent area,[166] *Pfortmiller* is reflective of this possibility in copyright law.

As the cases discussed above demonstrate, courts have more effectively and consistently applied the norms of common law fair use to new technology than the traditional subjects of copyright. It is thus ironic that in the context of cyberspace, the legislative impulse has been to constrain users' rights, even though the noneconomic dimensions of Internet use have, thus far, dominated the medium.[167] The *use* of information content improves cyberspace as a society in its own right. Cyberspace provides a superior forum for recognizing and affirming the free use of protected works in the interests of free speech or other democratizing mechanisms.[168] Stronger copyright rights may be a means to encourage further innovation; but, like the Statute of Anne, fair use should be viewed as a form of empowerment for the broader society and as a means to facilitate the diffusion of information which is an indispensable resource for individual growth and development in a digital economy. Nowhere is this more relevant than in the structure of the Internet.[169] The core utility of the Internet is itself a value to be protected.

166. For an economic analysis of the value of subsequent innovation, *see* Suzanne Scotchmer, *Cumulative Innovation in Theory and Practice* (Feb. 1999) (unpublished article on file with Iowa Law Review) (discussing the role of subsequent patentable innovations in facilitating efficient market based allocations of incentives in order to create and thus expand the social value of the invention). *See also* Mark Lemley, *The Economic of Improvement in Intellectual Property Law*, 75 TEX. L. REV. 989 (1997).

167. Of course, commercial use has been significant as well. *See* ABA Report *supra*, note 11, at 1 (noting retail online commerce is estimated to have reached nearly $15 billion in 1999).

168. *See generally* Niva Elkin-Koren, *Cyberlaw and Social Change: A Democratic Approach to Copyright Law in Cyberspace*, 14 CARDOZO ARTS & ENT. L.J. 215 (1996) (arguing that cyberspace has profound transformative effects due to its capacity to decentralize production and disseminate knowledge).

169. A flurry of recent cases have challenged, in part, this structure because of its potential to bypass copyright owners with ease and to "encourage" multiple copyright violations. *See* A & M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896, 900 (N.D. Cal. 2000); Universal City Studios, Inc., v. Reimerdes, 111 F. Supp. 2d 346 (S.D. N.Y. 2000); and 2600 Enterprises Inc. documents available at http://eon.law.harvard.edu/openlaw/DVD/. The Internet is an international network of linked computer networks that contains massive collections of information retrievable by anyone who is linked to the network. The most popular application of the Internet is the World Wide Web. The World Wide Web is a hypertext system in which documents contain links to other documents that are located virtually anywhere on the Internet. The World Wide Web allows a user to instantaneously retrieve information without regard to distance or geographic boundaries. Users can make materials available to other individuals on the World Wide Web by linking to a specific reference. *See* Reno v. ACLU, 521 U.S. 844, 849-53 (1997).

D. *Divining Fair Use: The Beginnings of Fair Use Principles for Cyberspace*

The court's analysis in *Story v. Holcombe*[170] provides a most direct illustration of how derivative rights push against a robust doctrine of users' rights.[171] According to *Story*, if a work rests upon a prior protected work, the primary question is whether or not it simply replicates the substance of the prior work while not necessarily appropriating its form. If the answer to this preliminary inquiry is affirmative, then an infringement has occurred.[172] In the words of Justice McLean:

> The reasoning on which the right to abridge is founded, therefore, seems to me to be false in fact. It does, to some extent in all cases . . . impair the rights of the author. . . . The same rule of decision should be applied to a copyright as to a patent for a machine. The construction of any other machine which acts upon the same principle, however its structure may be varied, is an infringement on the patent. The second machine may be recommended by its simplicity and cheapness; still, if it acts upon the same principle of the one first patented, the patent is violated. Now an abridgement, if fairly made, contains the principle of the original work, and this constitutes its value. Why, then, in reason and justice, should not the same principle be applied in a case of copyright as in that of a patented machine? . . . But a contrary doctrine has long been established in England . . . and in this country. . . . I am, therefore, bound by precedent; and I yield to it, . . . more as a principle of law, than a rule of reason or justice.[173]

On the other hand, where a work utilizes part of another to create something new, under common law and prior to the era of derivative works, the clear response to an infringement claim would have been negative.[174] The conflation of the minimal level of creativity required for copyright and the extension of copyright protection to editorial revisions, annotations, elaboration, and other modifications of the work has produced

---

170. 23 F. Cas. 171 (C.C.D. Ohio 1847) (No. 13,497).

171. *See id.* at 173.

172. *See id.*

173. *Id.* For cases and literature which refer to fair use as a "rule of reason," *see* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 (1994); Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 448 (1984).

174. The nature of the allegedly infringing work is important within this framework. In the abridgement cases, the matter was intractable simply because the nature of an abridgement was such that it necessarily "contain[s] the epitome of the work abridged." *Story*, 23 F. Cas. at 172.

this "troublesome"[175] doctrine. The *Story* court divined the potential complexity of the modern fair use doctrine in its observation that earlier courts failed to make a distinction between abridgements and compilations.[176] While some aspects of the court's rationale are debatable,[177] the overall opinion is sound. The court suggests that there is a difference between a work which recreates the substance of a prior work in a form of expression that "requires labor and the exercise of judgment,"[178] and thus introduces something new to the public; a work which requires little more than arranging prior works of others into a new form; and finally, a work which uses a part of another to create a wholly new work.[179] These categories are evident in modern fair use analysis.

The first category used by the *Story* court is a transformative work—one which uses some amount of the prior work, but refashions it in such a way that the final product is fairly different.[180] In such cases, fair use should be found where the resulting work demonstrates the requisite *de minimis* creativity for copyright protection. One could conceivably argue for a slightly higher standard of creativity. Use of a prior copyrighted work justifies this higher standard depending on the substantiality of the portion incorporated into the "new" work. Such a rule preserves the copyright bargain between the first and subsequent author, and between both authors and society. It facilitates productive use of copyrighted works and guarantees that the first author will not additionally tax such use.

The second category represents goods that improve, rather than transform, the substance of a prior protected work. Such works may also

175. Dellar v. Samuel Goldwyn, Inc., 104 F.2d 661, 662 (2d Cir. 1939). In truth, the troublesome nature of fair use has been evident almost as long as the doctrine has been in existence. As I argue, the leading cause of confusion has been the refusal of courts to distinguish the kind of outcomes which have allegedly infringed a protected work. Rather, the threshold question has been whether or not the accused work to any extent incorporates prior protected work. Since the obvious answer to this is typically affirmative, the result is that the same principles are used to govern fact patterns and works as diverse as the range of possible expressions of a single given idea. While the courts have by and large reached reasonable results, the lack of determinacy in these cases has resulted in a doctrine that has perplexed more than enlightened the public.

176. *Story*, 23 F. Cas. at 174. The point the court attempted to make was that different works based on prior works ought to have differing levels of protection, or at least should be afforded a different level of analysis in the context of infringement claim.

177. For example, the court finds that because abridgements are of a higher order, they are more deserving of fair use then compilations. The court's reasoning implies that abridgements require more intellectual labor than compilations since the latter simply reproduces, verbatim, other works. *See id.* at 175. However, copyright law does not make these sorts of value judgments about the particular work of authorship.

178. *Id.* at 173.

179. *See id.*

180. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994); Sega Enters., Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992); Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988).

represent innovation through years of accretion.[181] Fair use for this sort of activity requires more rigorous balancing and scrutiny to preserve the necessary balance of interests. For several reasons, improvements in copyrighted works that do not add value, either to the work itself or to society as a whole, should not attract the same level of deference as transformative works. First, such improvements are heavily subsidized by the underlying work, and thus protection of such use undercuts welfare gains to society. There is no introduction of a new work in the sense that such improvements reflect even *less* creativity than the *de minimis* level required by copyright. Second, protecting such improvements by subsequent authors has a penalizing effect on first authors and may adversely affect the incentive structure of copyright.[182]

Generally, courts have not engaged in a product analysis of the contested use in cases implicating the fair use doctrine.[183] Neither have the courts, in general, distinguished between what elements of fair use should be applied to each type of use in order to achieve progress in a particular science or art, and ultimately enhance public welfare. A framework adjusting elements of fair use to reflect the contribution of the allegedly infringing work would be most meaningful for cyberspace and help clarify the current form of fair use.[184] If, as some courts have suggested, the scope of a derivative work is any nontrivial variation that would result in added

181. This is particularly the case with add-on software. *See generally* Richard H. Stern, *Copyright Infringement by Add-On Software: Going Beyond Deconstruction of the Mona Lisa Moustache Paradigm and Not Taking Video Game Cases Too Seriously*, 31 JURIMETRICS J. 205 (1991) (arguing for a narrow scope of protection for improvements on software). Control of such improvements would not encourage development by subsequent developers, neither would there be any incentive for the copyright owner to develop it.

182. *See, e.g.*, Lotus Dev. Corp. v. Paperback Software Int'l, 740 F. Supp. 37 (D. Mass. 1990). In *Lotus*, the plaintiff alleged infringement of the Lotus 1-2-3 computer spreadsheet program. *See id.* at 42. The court held that the elements of the program were copyrightable. *Id.* at 58. In response to the defendants' argument about the need to build on "the shoulders of giants," the court found that "[a]dequate room for innovation remains" to express the idea of a spreadsheet without copying a prior author's protectable expression. *Id.* at 77-78. According to the court, this was evident by other existing spreadsheets in the market, such as Excel. *Id.* The court also held that the "new" work represented an incremental improvement on the Lotus spreadsheet, and consequently, it did not deserve an independent copyright or the benefits of a fair use defense. *Id.* at 79. "By . . . selling a stand-alone product that completely replaces [the prior work], defendants have not merely . . . profited from only their incremental additional expression. Rather, they seek permission to profit also from copying [the author's] protected expression." *Id.*

183. *See* Loren, *supra* note 57, at 31 (noting that the inquiry in fair use cases unduly focuses on the transformation of the work rather than on whether the work engendered further productivity).

184. In a sense, the courts are already doing this without saying so explicitly. In various cases, some elements carry more weight than others. For example, where the purported use is educational, there is less weight on the "amount and substantiality" of the protected work used. *E.g.*, Holdredge v. Knight Pub. Corp., 214 F. Supp. 921 (S.D. Cal. 1963); Loew's Inc. v. CBS, Inc., 131 F. Supp. 165 (S.D. Cal. 1955); Thompson v. Gernsback, 94. F. Supp. 453 (S.D.N.Y. 1950).

revenues for the copyright holder,[185] does a work really constitute an *original* work of authorship, particularly where it flows from the same author?[186] And if not, why permit derivative rights at all, particularly in cyberspace where nontrivial variations are likely and should be nurtured given the capabilities of this technology?

Fair use may bring copyright closer or further away from the patent system, depending on how it is constructed.[187] In the framework advocated in this section, the third category in *Story*, works of authorship which utilize a prior work yet are "new" in the teleological or even patent sense,[188] brings copyright closer to the kind of analysis employed to determine whether an invention is sufficiently creative to justify a patent grant.[189] The reverse doctrine of equivalents[190] would accomplish, in theory, similar results as a strong fair use doctrine (and in the absence of derivative rights) for copyright by requiring that a device that incorporates a prior patented good be found noninfringing if it is nonobvious with respect to the earlier invention.[191] A work based on a prior copyrighted work need not be radically transformative, but should certainly meet a higher standard of creativity. Courts have generally been careful to articulate distinctions between patents and copyrights.[192] However, because

185. *See, e.g.*, Midway Mfg. Co. v. Arctic Int'l Inc., 704 F.2d 1009, 1013 (7th Cir. 1983).

186. Section 101 of the 1976 Copyright Act defines a derivative work as "a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship is a 'derivative work.'" 17 U.S.C. § 101 (1994).

187. *See* Scotchmer, *supra* note 166, at 3 (noting that recent technological developments have blurred the lines between copyrightable subject matter and patentable subject matter).

188. I make this distinction because the originality requirement under patent law refers more to the degree that the "new" invention is different or marks a big jump from prior technology.

189. In *Texas Instruments, Inc. v. United States Int'l Trade Comm'n*, 805 F.2d 1558 (Fed. Cir. 1986), the court held that improvements which substantially transform existing technology are not infringing. *Id.* at 1571-72; *see also* MERGES, *supra* note 84 (discussing the doctrine of equivalents in patent law). This doctrine states that even where an invention differs in form or shape, if it performs the same work in substantially the same way, it is the "same" as the prior invention, thus it is not new and fails to meet the novelty requirement. *Id.* Under patent laws, the second innovation could also fail to qualify for a patent grant because the inventor would not be deemed to be the first to invent. *See* 35 U.S.C. § 102(a)-(g) (1994).

190. *See* Graver Tank & Mfg. Co. v Linde Air Prods. Co., 339 U.S. 605, 610 (1950).

191. *See id.*; Atlas Powder Co. v. E.I. Du Pont de Nemours & Co., 750 F.2d 1569, 1580-81 (Fed. Cir. 1984); *see generally*, Lemley *supra* note 166, at 989.

192. *See* Synercom Tech., Inc. v. Univ. Computing Co., 462 F. Supp. 1003, 1010 (N.D. Tex. 1978). There are numerous philosophical similarities between patents and copyright. These similarities have made it difficult to resist importing principles from one area to another; however, historically courts have kept themes of both fields separate. *E.g.*, Baker v. Selden, 101 U.S. 99, 102-03 (1879). But as this argument suggests, the stronger copyright law becomes, a greater degree of creativity is required. However, several commentators have acknowledged that with copyright,

the ultimate objective of each system is synonymous,[193] equivalent principles, properly narrowed to the conceptual differences, can and should be employed to promote those goals.[194] The protection of derivative rights is even more problematic in light of this unified objective.

There is some argument that protection of subsequent innovators in patent law is socially beneficial.[195] Such innovation invariably introduces a new product variation or new application of the old product to society. In addition, protection of subsequent innovators facilitates market efficient transactions by positioning firms to bargain for licensing arrangements, and thus allows firms to profit from building on each other's inventions.[196] It is difficult to make the same arguments for the social benefit of derivative rights as they are currently articulated.[197] While it is possible that the lack of a strong derivative right will discourage certain derivative uses by the first author, this is unlikely to be a significant deterrence since the derivative, in theory, requires the same minimal creative input as the original work and yet will bear an independent copyright status. It is more likely that the derivative uses that might be deterred are those uses *by others* with minimal transformative or "creative" input, such as a translation or an adaptation, uses that simply exploit new technology, or that recast the work in a new medium. For such uses, the relevant analytical point of reference then should not be the derivative right, but the exclusive right to copy which typically applies even when trivial changes have been made to a protected work. In sum, the exclusive right to copy is strong enough to protect the rights of the first author against misappropriation. With regard to new works that are based on the first author's work, should copyright law really be concerned about *who*

---

under-protection is preferred to over-protection. *See* Frank W. Lloyd & Daniel M. Mayeda, *Copyright Fair Use, The First Amendment, and New Communications Technologies: The Impact of Betamax*, 38 FED. COMM. L.J. 59 (1986); Note, *Computer Intellectual Property and Conceptual Severance*, 103 HARV. L. REV. 1046, 1047 (1990); Note, *The Copyrightability of Nonliteral Elements of Computer Programs*, 94 COLUM. L. REV. 242 (1994) (arguing for a modified *Altai* test).

193. *See* U.S. CONST. art. I, § 8, cl. 8 (applying to both authors and inventors); *see also* notes accompanying preamble to Copyright Act of 1790, ch. 15, 1 Stat. 124.

194. Justice McLean makes this same point in *Story v. Holcombe*, 23 F. Cas. 171, 173 (C.C.D. Ohio 1847) (No. 13,497). Professor O'Rourke has recently advocated the need for a patent fair use doctrine for similar reasons. *See* Maureen O'Rourke, *Toward a Doctrine of Fair Use in Patent Law*, 100 COLUM. L. REV. 1177 (2000).

195. *See* Scotchmer, *supra* note 166, at 10-16 (discussing economic models of cumulative innovation and some corresponding benefits); *see also* Lemley, *supra* note 166.

196. *See* Scotchmer, *supra* note 166, at 10-16; *see also* Merges & Nelson, *On the Complex Economics of Patent Scope*, 90 COLUM. L. REV. 839 (1990) (arguing for the use of doctrines such as the reverse doctrine of equivalents to prevent dominant patent holders from deterring subsequent radical innovation).

197. Some scholars have argued that a strong derivative right provides an incentive to authors to create works that can be adapted to different media. *See* Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT. SOC'Y 209 (1983).

introduces this work into the market? The goals of copyright are not furthered when anyone, including a copyright owner, is granted exclusive rights to make works that do not exhibit originality or any transformative elements. They add nothing to society's store of knowledge.[198] If the work is not original, creative, different, or transformative enough to warrant a finding of fair use, it should not qualify for an independent *derivative* right. Further, to the extent that derivative rights are extended to cyberspace, the level of originality for the derivative work should be higher *vis-á-vis the copyright owner* since derivative works are almost unavoidably created by the most common forms of interaction in cyberspace. To claim a derivative right in cyberspace, a copyright owner ought to establish that the work in question is far removed from the scope of use that constitutes a reasonable, constitutive feature of on-line interaction or that is a result of the design of the Internet. A weak derivative right, or the absence of such a right, in fact, may lead to a stronger copyright system and provide creative tributaries to the public domain by raising the required level of creativity for copyright protection in second generation works. A heightened creativity requirement may also expand the public domain in regard to first generation works by rendering entire works, or portions thereof, as unprotectable subject matter.[199]

In view of *Cary* and its progeny, it is intriguing that the recently enacted No Electronic Theft (NET) Act[200] reinvigorated the role of intent in copyright law by criminalizing the posting of copyrighted materials on the Internet.[201] The NET Act prohibits the electronic reproduction or distribution of copyrighted works whether or not such acts were done for

198. This is not to argue that a copyright in a book should not extend to a movie works or the works to produce a mini-series based on the play or story. But these works really are not *derivative* in any sense other than that the right, not the work itself, is derived from the original grant if the level of creativity for second generation works de minimus, the right to copy should extend to protect these works. If, however, a greater level of creativity is required a new copyright state should be recognized in those works.

199. There is, however, an argument that works with low levels of creativity are desirable and socially beneficial and there is a need to provide incentives for their production. The heightened standard of creativity that I propose would be limited to works based on or utilizing protected material.

200. No Electronic Theft (NET) Act, Pub. L. No. 105-147, 111 Stat. 2678 (1997).

201. Section 2(b) of the NET Act provides:

> (b) Criminal Infringement.—Any person who infringes a copyright willfully either-
> (1) for purposes of commercial advantage or private financial gain, or
> (2) by the reproduction or distribution, including by electronic means, during any 180-day period, of 1 or more copies or phonorecords or 1 or more copyrighted works, which have a total retail value of more than $1,000, shall be punished as provided under section 2319 of title 18, United States Code.

Id. § 2(b).

commercial advantage or private gain.[202] Since the NET Act amends the 1976 Copyright Act, it is presumable that fair use is an available defense. If this is the case, the NET Act is troubling because fair use is treated initially as an infringement until the *fair* use is proven. Consequently, the NET Act codifies, and thus legitimizes, the perception that fair use is, indeed, no more than "an accommodation to the public."[203] The NET Act has other troubling implications for cyberspace. Because the Internet is a global *communications* medium, is storing copyrighted works on a computer from which a surfer may retrieve it considered a "distribution?" Further, is accessing the information considered a "reproduction?" The implications of an affirmative response are clear.[204] Most common uses of Internet technology, including methods of interaction such as forwarding e-mail, involve a level of what is now viewed as "infringement."[205] If fair use is not available for typical cyberspace activity, copyright will not promote the maximum use of new technology, nor facilitate any new welfare goals.[206] Additionally, without a viable defense to the NET Act, users in the United States are also criminals.[207]

Not only does the NET Act potentially affect use and development of communications technology, it also constrains the growth of information. Internet applications such as the World Wide Web depend on, and are valuable because of, hypertext linkages. Challenge to the practice of linking as a matter for copyright law first arose in the United Kingdom. In *Shetland Times v. Wills*,[208] a newspaper offered hypertext links to its rival's stories, using the latter's own headlines.[209] The *Shetland Times* obtained a preliminary injunction against this practice.[210] The court held that the Internet is a cable broadcast system for the purposes of copyright law, and consequently, the inclusion of *Shetland Times*' headlines in the form of a hypertext link constituted *prima facie* copyright infringement.[211] Ultimately, the parties settled out of court. Three subsequent cases in the

202. *Id.*

203. Universal City Studios, Inc. v. Reimerdes, No. 00 Civ. 0277 (Lak), 2000 WL 1160678, at *16 (S.D.N.Y. Aug. 17, 2000). *See generally* Note, *The Criminalization of Copyright Infringement in the Digital Era*, 112 HARV. L. REV. 1705 (1999).

204. *See* Lemley, *supra* note 15, at 550-63.

205. *Id.*

206. *See* Netanel, *supra* note 38, at 295-97; *see also* Farrell, *supra* note 28 and accompanying text.

207. The NET Act disproportionally taxes American users and disadvantages them relative to other users in cyberspace by adding criminal liabilities to the prospects of civil damages.

208. 1997 Sess. Cas. 316 (Scot.).

209. *See id.*

210. *Id.*

211. *Id.*

United States raised similar issues.[212] Two of the cases settled out of court.[213]

Several scholars have already argued against the extension of copyright to hypertext linkages.[214] Under the common law fair use cases, hypertext linkages would be protected for several reasons. First, the function of the hypertext link itself represents a work of creativity.[215] Thus, a hypertext link could be viewed as building on a previous copyrighted work. Second, use of a hypertext link engenders a "new" work of authorship because it provides users with a map of information which is what the Internet is about. Hypertext linkages facilitate public welfare by providing direction and access to the referenced work. Finally, as mentioned earlier, the use of the Internet and all the enabling technological *accouterments* constitute the value added to the public[216] and the medium to harness, enjoy, and participate in that value. Rules which prevent the full utilization of communications technology ultimately undermine the objectives of copyright. In cyberspace, the right to make derivative works significantly limits intentional creative activity since any change to a protected work could constitute a derivative. For example, activity such as editing and forwarding e-mail or newspaper articles would be impermissible. Yet, this activity has become a standard feature of interaction in cyberspace and has, for the most part, enhanced its utility to the public while diffusing content broadly.

Hypertext linkages may be protected either as a matter of trademark law or copyright law.[217] For the former, the doctrine of fair use could in theory, be used to occlude claims of infringement for hypertext links. In this

212. *See* Futuredontics, Inc. v. Applied Anagramics, Inc., 152 F.3d 925 (9th Cir. 1998); Washington Post Co. v. Total News, Inc., No. 97 Civ. 1190 (PKL) (S.D.N.Y. filed Feb. 20, 1997), *available at* http://legal.web.aol.com/decisions/dlip/washcomp.html (last visited Aug. 28, 1999) (settled before trial); Ticketmaster Corp. v. Microsoft Corp., No. 97-3055 DDP (C.D. Cal. filed May 9, 1997), *available at* http://legal.web.aol.com/decisions/dlip/tickcomp.html (last visited Aug. 28, 1999) (same).

213. *See* Emily Madoff, *Freedom to Link Under Attack: Web Community Up in Arms Over Lawsuits*, 217 N.Y.L.J., June 23, 1997, at S1.

214. *See, e.g.*, Dan L. Burk, *Proprietary Rights in Hypertext Linkages*, 1998 J. INFO. L. & TECH. 2, § 3, *at* http://elj.warwick.ac.uk/jilt/intprop/98_2burk/ (last visited Aug. 28, 1999); *see also supra* note 5.

215. *See id.*

216. *See* Niva Elkin-Koren, *Copyright Law and Social Dialogue on the Information Superhighway, The Case Against Copyright Liability of Bulletin Board Operators*, 13 CARDOZO ARTS & ENT. L. J. 345, 467 (1995) (discussing how copyright liability against bulletin board operators undermines social dialogue and suppresses valuable content).

217. *See generally* Maureen O'Rourke, *Fencing Cyberspace: Drawing Borders in a Virtual World*, 82 MINN. L. REV. 609 (1998). There are also First Amendment concerns that have been raised in the context of linking. See Amicus Brief of Openlaw Participants in Support of Defendants Eric Corley, a.k.a. Emmanuel Goldstein, and 2600 Enterprises, at 26-28, 111 F. Supp. 2d 346 (S.D.N.Y. 2000) arguing that hyperlinks are core elements of expression on the web at http://eon.law.harvard.edu/openlaw/DVD/amicus.html.

regard, a legislative rule that exempts hypertext links from infringement is likely to be preferable to the fair use doctrine. In general, I would propose that uses that are dependent on, or the result of, how the Internet functions, what I call its framework, should receive a statutory exemption. However, statutory exemptions should not swallow the fair use doctrine, nor should they replace it. This will require that courts return to the common law antecedents outlined earlier so that statutory exemptions enlarge the corpus of users' rights, rather than shrink them. For nonframework related aspects of use in cyberspace, the fair use doctrine provides the malleability necessary to evaluate, and if necessary, accommodate practices in cyberspace that are not now forseeable.[218] As an explicit welfare rule, the fair use doctrine's inexactness is precisely what is needed to facilitate innovative uses of content in cyberspace.

It has proven difficult to apply the fair use doctrine uniformly and keep it consistent with the overall goal of copyright without acknowledging the welfare effect of the end uses that reflect the core utilities of a particular copyrighted product.[219] A viable fair use scheme must rest upon a set of assumptions rooted in the desire not to discourage *anyone's* creativity. The attempt to fit every possible and potential use of a protected work under the aegis of copyright, or other regimes, will prove imprudent and self-defeating in a world that offers new opportunities for both a more equitable redistribution and inequitable accumulation of resources.[220]

III. THE EFFICACY OF FAIR USE IN CYBERSPACE

The emphasis of common law fair use was not to impede the introduction of new works to the public, while also protecting the prior work from misappropriation. A work which reproduced a prior work "only to colour publication of the original" constituted an infringement.[221] As *Cary* illustrates, the question of whether infringement was at issue rested

218. One scholar suggests that a possible approach to the problem of multiple copyrights in cyberspace is to create a unitary Net transmission right which the copyright owner may license. Lemley, *supra* note 15, at 582-84.

219. Unlike the way copyright licensing currently works, such a unitary right would not be divisible so that once permission to transmit on the Net is granted, incidental replication that occurs in the course of ordinary computer use, such as RAM copies, will not be actionable. *See id.*

220. The Net right proposal is at odds with the fair use doctrine, primarily because such a right again presumes that owners can and should control every possible avenue and medium in which their works may be used. Because the fair use principle rests on the exact opposite assumption—that copyright is an interest that is circumscribed by other concerns—the Net right, in principle, is problematic. To the extent that such a right emerges as a means to deal with the problem of overlapping copyrights, its application should be limited to circumstances that clearly indicate that the issue is one of unintentional replication without any creativity. In other words, a Net right should not be used to circumvent fair uses or to mediate between fair use and the creation of derivative works.

221. Cary v. Kearsley, 170 Eng. Rep. 679, 680 (K.B. 1803).

on the end product of the use, not simply on the fact of use itself.[222] The dominant vision of progress in intellectual property literature is, however, measured in terms of production of works, and not use of such works.[223] This vision is unnecessarily lean and cannot sustain the multiple uses and functions that cyberspace represents to broader society. Cyberspace is both private and public space; it is both commercial and noncommercial; it is a world of global interaction through the World Wide Web with community creation and identification made possible by listservs or one-on-one interaction *via* e-mail. Cyberspace is whatever each person can imagine it to be (subject of course to the limitations of private order, law, and code). As such, it is a world fraught with endless possibilities and danger. Why is fair use a vibrant navigating tool for this environment?

Scholarship regarding the taxonomy of cyberspace has focused on some areas of concern: (1) the effect of expanding copyright rights; (2) the increased tension between owners and users and the resulting pressure on the copyright balance; (3) the social engineering implicit in which rules of governance, private or public, or some blend of both, are legitimated in cyberspace. This part will examine the utility of fair use in addressing these concerns starting with an overview of the international implications of fair use in this medium.

A. *Fair Use in a Global Medium*

At the international level, fair use most significantly affects the reproduction right of a copyrighted work.[224] With the growing volume and significance of international trade to global economic welfare, fair use also becomes relevant where a work is used as a springboard for newer products. There are a myriad of paradigms in which this could take place—joint ventures, strategic alliances, and other forms of transnational business relationships based on technological advantage. Additionally, the possibility of new works created outside the United States, but which embody protected work of American authors, looms greater than ever in cyberspace. The legislative focus so far has been on protecting intellectual property across national boundaries, while ostensibly promoting a domestic welfare agenda.[225] A variety of legal mechanisms, largely based on treaty

222. *See id.*

223. *See, e.g.*, Netanel, *supra* note 38. *But see* Benkler, *supra* note 165, at 569-74 (discussing the meaning of "progress" in the constitutional clause authorizing copyright laws). Professor Benkler goes beyond this production centered view of progress. *See* Benkler, *supra* note 165, at 571-72.

224. *See* STEPHEN STEWART, INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS 73 (2d ed. 1989).

225. *See* Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 VA. J. INT'L L. 369, 371-73 (1997) (detailing the marketing of the principal tenets of the NII White Paper at the 1996 World Intellectual Property diplomatic conference for a Berne Protocol).

provisions, exist to provide a framework for international intellectual property protection. However, none of these frameworks adequately address the issue of fair use, at least not in its American conformation. How should fair use be employed in a world of authors and users without borders?

Copyright protection across national boundaries is governed by a multiplicity of treaties, both bilateral and multilateral. The most significant multilateral treaty for copyright protection resulted from the Berne Convention for the Protection of Literary and Artistic Works.[226] With regard to international norms for regulating copyright in cyberspace, the two recent WIPO Treaties have established a framework to regulate protection of content on-line. Although the preamble to the WIPO Copyright Treaty (WCT) makes reference to "the need to maintain a balance between the rights of authors and the larger public interest,"[227] the provisions providing for limitations and exceptions to the rights provided mirror the language of the Berne Convention.[228] While the concept of fair use is not explicitly referred to in the Berne Convention, most countries had limitations to the exclusive rights granted by copyright prior to the Berne Convention.[229] The express limitations imposed by the Berne Convention reflect common concerns shared by member countries and protected to varying degrees by different national laws. In addition to these

226. *See* Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, S. TREATY DOC. No. 99-27 (1899) [hereinafter Berne Convention].

227. WIPO Copyright Treaty, Dec. 20, 1996 S. Treaty Doc. No. 105-17 (hereinafter WCT); *see also* WIPO Performance and Phonograms Treaty, Dec. 20, 1996, S. TREATY DOC. No. 105-17 (1996).

228. *See* WCT art. 10.

> (1) Contracting Parties may, in their national legislation, provide for limitations of or exceptions to the rights granted to authors of literary and artistic works under this Treaty in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.
>
> (2) Contracting Parties shall, when applying the Berne Convention, confine any limitations of or exceptions to rights provided for therein to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.

229. The reproduction right, which is the most fundamental right, was only explicitly recognized in the Stockholm and Paris Acts of the Berne Convention. There was little agreement between member states as to the scope and content of this right. *See* SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986, at 369-70, 479 (1987). Because the original scope of the right at the national level merely related to exact literal copies, it followed that others could make use of portions of the work for other purposes. *See generally* Ruth Okediji, *Towards an International Fair Use Doctrine*, 39(1) COLUM. J. OF TRANS. L. _____ (forthcoming Dec. 2000).

explicit expressions, the Berne Convention provided a general principle permitting countries to provide limitations to copyright protection, thus providing flexibility for individual member states to adopt fair use type legislation. Like its national counterparts, the underlying sentiment in enacting various limitations to exclusive rights in the Berne Convention was the concern that "'limits to absolute protection are rightly set by the public interest' . . . the fact that copyright protection exists at . . . [the] international level is an express recognition of the strong public interest that there is in the promotion of cultural, social and economic progress."[230]

Articles 10 and 10*bis* of the Berne Convention provide for "typical" modern fair use exceptions, namely, "free use" for quotations, illustrations, teaching, and news reporting.[231] However, the basic approach to the categories of work listed under Article 10 and 10*bis* respectively indicates a different approach altogether from American fair use analysis and seems more similar to British fair use analysis under the 1911 and 1956 British Copyright Acts.[232] The use of works for these purposes assumes a certain amount of "immunity" from copyright infringement suits.[233] These uses are protected because "there is a public interest present . . . that justifies overriding the private rights of authors . . . in these . . . circumstances."[234] Put differently, a *prima facie* case of infringement involving these uses would include establishing that the accused use is not a quotation, illustration, work for teaching, or news reporting.

Another sense in which "fair use" can be said to exist in the Berne Convention is in the provisions of Article 9(2).[235] Under this provision, national legislation may in "special cases" authorize the reproduction of protected works where "such reproduction does not conflict with [the] normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."[236] The legislative history behind this provision of the Berne Convention suggests that the "interests" envisaged are primarily economic.[237] A more expansive reading would infer that special cases include at least those recognized by members of the Berne Convention at the time of their accession.[238] The rights secured for authors

230. *Id.* at 477.

231. Berne Convention, *supra* note 226, art. (10)2, 10*bis*(1).

232. *See supra* Part II. A.

233. RICKETSON, *supra* note 229, at 478.

234. *Id.*

235. *See* Berne Convention, *supra* note 226, art. 9(2). *But see* Okediji, *supra* note 229 (arguing that the U.S. fair use doctrine is inconsistent with Article 9(2) of the Berne Convention and Article 13 of the TRIPS Agreement).

236. *Id.*

237. RICKETSON, *supra* note 229, at 483-84.

238. Ricketson, in his eminent account of the history of the Berne Convention, indicates that the meaning of this phrase is unclear. The right to reproduction, it was felt, would be impaired once exceptions were established. The only qualifier, therefore, was to insist that the use of an author's

are (1) the exclusive right to reproduction of their works;[239] (2) the exclusive right to perform their work in public;[240] (3) the exclusive right to broadcast, rebroadcast, or otherwise communicate their work to the public;[241] (4) the exclusive right to adapt, arrange, or otherwise alter their work;[242] and (5) the exclusive right to public recitation of their work.[243] Since fair use necessarily involves reproducing some part of the protected work, article 9(2) is currently the analogous provision for fair use under the Berne Convention. A liberal interpretation of this provision suggests that, so long as the reproduction has no impact on the authors' economic expectations,[244] a country may authorize free reproduction of a copyrighted work. So, for example, home recording for private use should be permissible under the Berne Convention.[245] On closer inspection, the practical application of article 9(2) only seems to be a restatement of the market impact test enunciated through U.S. case law. However, the question of what constitutes the author's economic expectations may skew this analysis. Expectations are no more than legal entitlements. In the United States, the doctrine of fair use should be invoked as an element in determining an authors' legitimate expectations such that they could not reasonably "expect" compensation for every possible use of the copyrighted work.[246] In European countries, where copyright protection is justified in reference to ideals of liberty and personhood, there are fewer limitations on authors' rights and, more strikingly, a philosophical presumption that minimal exceptions are appropriate. Consequently, an

work under art. 9(2) "not unreasonably prejudice... the interests of the author." Berne Convention, *supra* note 226, art. 9(2). This explanation still does not shed light on what those "interests" are. *See* RICKETSON, *supra* note 229, at 482-85.

239. Berne Convention, *supra* note 226, art. 9.

240. *Id.* art. 11(1)(i).

241. *Id.* art. 11*bis* (1)(i)-(1)(iii).

242. *Id.* art. 12.

243. *Id.* art. 11*ter* (1)(i). The Berne Convention also recognizes moral rights, which consist of: (i) the right to decide whether the work will be made public (not recognized by the Berne Convention); and, (ii) the right of paternity which is made up of (a) the right to demand that the authors name appear on the work, and for the author to claim authorship at all times, (b) the right of the author to prevent the use of his/her name in connection with another person's work, and, (c) the right to prevent others from claiming authorship of the work. *Id.* art. 6*bis*; *see also* STEWART, *supra* note 224, at 73.

244. The critical issue would then be how to define the legitimate scope of the author's expectations. This would in turn depend on the criteria used to define the applicable "market" for the author's work. For example, would the market be geographically defined? Would it cross national boundaries? Should it include the market for derivative works?

245. *See* RICKETSON, *supra* note 229, at 485. The Supreme Court held as much in the *Sony* decision. *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 451 (1984) ("A challenge to a noncommercial use of a copyrighted work requires proof... that the particular use is harmful.... What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists.... [T]he likelihood must be demonstrated.").

246. *But see* American Geophysical Union v. Texaco, Inc., 802 F. Supp. 1 (S.D.N.Y. 1992).

author's economic expectation is bound to encompass an expectation of monetized value derived from each instance of use.

The Universal Copyright Convention (UCC) represents the second most significant multilateral treaty for the protection of copyright across international boundaries.[247] The UCC is much less important since the advent of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).[248] Nevertheless, it provides some useful background on the prospects for a global fair use doctrine. Like the Berne Convention, the UCC is based on the principle of national treatment, requiring that each member state treat authors and works of another member state no worse than it treats its own nationals and their works.[249] However, UCC provisions more directly address fair use by targeting the three major rights granted under copyright: reproduction, public performance, and broadcasting.[250] Article IV*bis* requires only that the exceptions to the exclusive rights of the authors "not conflict with the spirit and provisions" of the UCC and that the exceptions "accord a reasonable degree of effective protection to each of the rights."[251] While the UCC's level of protection is lower,[252] it does provide a more relevant framework for modern fair use analysis in the United States, in that its flexibility allows the balancing that necessarily takes place in contemporary fair use cases without sacrificing effective protection. Notwithstanding the UCC or Berne Convention, no international treaty specifically addresses the question of what an international fair use doctrine might look like.[253]

Since no international fair use standard currently exists, for now the question of fair use in cyberspace, as with fair use in real space, will be a matter for national legislation and the domestic courts charged with its application.[254] Indeed, the agreed statement concerning article 10 of the

247. *See* Universal Copyright Convention, July 24, 1971, 25 U.S.T. 1341 art. II [herinafter UCC].

248. *See* Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 33 I.L.M. 83.

249. *See id.*

250. *See id.* Under the Berne Convention, fair use may legitimately limit the public performance right, and the broadcasting right. Berne Convention, *supra* note 226, art. X*bis* (1)-(2).

251. UCC, *supra* note 247, art. IV*bis* (2).

252. *See id.*

253. *See generally* Okediji, *supra* note 229 (proposing an international framework for evaluating fair use).

254. *See* RICKETSON, *supra* note 229, at 896; *see also* Berne Convention, *supra* note 226, at art. 9-10. Fair use, under the international conventions, has a much narrower character and envisages a much different framework for operation. It focuses primarily on the purpose of the use. The Berne Convention and the TRIPS Agreement appear to resist any attempt to expand the concept of fair use to include the use of protected works to create new works. The issue of *fair* use under international treaties may thus be framed as concerning *free* accessibility, rather than free *use*. Undoubtedly, the next round of international negotiations over intellectual property must grapple with competing visions of individuality, creativity, and the public good.

WCT recognizes the legitimacy of extending existing and future exceptions to the digital environment.[255]

B. *Localizing Fair Use*

1. Between the Rock of Incentives and the Hard Place of Access

Copyright scholarship illustrates a fractious divide separating "high protectionists" and "low protectionists," such as Trotter Hardy's "strong" versus "less strong" copyrights,[256] Neil Netanel's "neoclassical economists" and "minimalist critics,"[257] and Julie Cohen's cybereconomists[258] and the rise of cyberrealists. The debate wrestles with the question of how best to maintain effective incentives to create copyrighted works without diminishing public access to such works and, consequently, devaluing welfare concerns underlying copyright.[259] The fair use doctrine is an important bridge across this divide. Fair use simultaneously protects the incentives to create new works while protecting the public's right of access. Infringement cases where the fair use doctrine is raised have to account for the amount and substantiality of the protected work that was appropriated by the user.

If the fear of the digital age has impelled and justified a rise in technological and contract-based protections, fair use must be made stronger to counterbalance this trend. It ensures that the boundaries of the copyright grant are traversed only as envisaged by the notion of progress. It offers protection for authors even as it yields to rightful demands of authorship. Even a reluctant acknowledgment of the utilitarian philosophy behind American intellectual property must concede that authors are entitled only to what the law deems necessary to accomplish particular ends. As deployed from case to case, fair use vigilantly upholds the twin ends of the debate and forces a constant evaluation of each goal to ensure its nurturing as the work is accessed by takers and users. Fair use prevents

255. See Agreed Statements Concerning the WIPO Copyright Treaty, WIPO Doc. CRNR/DC/96. It is understood that the provisions of article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment. It is also understood that article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention. *See id.*

256. Hardy, *supra* note 2, at 234.

257. Netanel, *supra* note 38, at 286-87.

258. Cohen, *supra* note 12, generally.

259. For an insightful critique of the dominance of the incentive-access paradigm in copyright law, see Glyn S. Lunney, *Re-examining Copyrights Incentives-Access Paradigm*, 49 VAND. L. REV. 483 (1996).

free *mis*appropriation and does not need to be supplanted by a regime of fared use.

2. Fair Use and Private Ordering

An expansive fair use doctrine portends value for interactive media in various ways. This is due in part to the diversity of citizens that are able to participate in this medium. To the extent that private ordering through contract or technological mechanisms disproportionately impacts those of a lower socioeconomic class or those with inferior bargaining power (as is the case with diffuse users) by keeping them at the gates of cyberspace, private ordering perpetuates existing power structures, reincarnating and broadening existing forms of exclusion in society. I have argued that throughout its history, fair use has been the indispensable and indisputable guardian of public welfare. In the current schematic of exponential increases to copyright rights, fair use offers an opportunity to expand public access, and thus promote a variety of public welfare values.[260] Even without the specter of technological enforcement mechanisms or preemption by contract, fair use will still need reexamination for its efficacy in cyberspace.

IV. CONSTRUCTING FAIR USE FOR CYBERSPACE

A. *(Re)constructing Public Welfare for Cyberspace*

Given the socioeconomic and political pressures on the intellectual property system, it is not surprising that an examination of the prevailing perspectives and judicial approaches to fair use reveal deep divisions and fundamentally different assumptions about the nature of copyright and the most effective means of encouraging creativity. The most significant benefits of a copyright grant include the economic gain of a monopoly rent and the dissemination of information to the public.[261] Some historical

260. In a thought provoking article, Professor Fisher articulates two possible models of a reconstructed fair use. Fisher, *supra* note 75, at 1659. First, he proposes a model that would increase efficiency in the use of resources. *Id.* Second, he suggests the deliberative use of copyright law to advance a substantive vision of the ideal society. *See id. But see* Lunney, *supra* note 259, at 653-56 identifying allocative efficiency rather than incentives-access balance as the better guide to determining the appropriate scope of copyright protection.

261. Both copyright and patent laws share the underlying philosophy of promoting social welfare. As early as 1615, British courts recognized the legality of patents for inventions on the theory that it contributed to public welfare and the inventor ought to be compensated for it. In the case of the Tailors of Ipswich, the court held that:

> If a man hath made a new discovery of anything, in such cases the king of his grace and favor in recompense of his costs and travail may grant by charter to unto him that he shall only use such a trade or trafique for a certain time because at

accounts of the fair use doctrine question the extent and nature of the role of public interest in the development of fair use in copyright.[262] Others have looked at fair use potentiated access as a function of producing new works.[263] In other words, some scholars view the question of public welfare as a function of ensuring production of works so the public can access the protected works.[264] This interpretation of copyright history tells only half the story.[265] Fair use is not so much about the production of new works—the copyright grant took care of that problem by providing incentives to create. Rather, fair use should be viewed as a necessary condition for the generation of new forms of expression and new works by other authors. Stated differently, fair use is, among other things, an instrument of inclusion. In cyberspace, these "new" works should not be limited to transformative reproductions. Instead, merely the fact of use is a significant value. New "works" could thus be skills gained by surfing the net, acquaintances made in the course of a chat room encounter, or ideas shared in the context of a listserve. Each interaction in cyberspace is meaningful for the multitude of interests that are cognizable under welfare norms.

The tension between public interest and incentive theory is often viewed as a conflict requiring resolution one way or the other. While conceding the inextricability of the two welfares,[266] it is a misstatement to maintain that one must succeed over the other, or that one will, or must be sacrificed for the other. In fact, these competing welfares complement each other.[267] Some elements of copyright protection serve to illustrate the variety of doctrinal tools that have served to preserve a balance between the competing welfare interests of the author and the public.[268]

> first, the people of the kingdom are ignorant and have not the knowledge and skill to use it.

77 Eng. Rep. 1218 (K.B. 1614).

262. *See, e.g.*, PATRY, *supra* note 47, at 55 (describing fair use as an "accommodation" that became a privilege, rather than a "right" which exists side by side with the copyright grant).

263. This is a common articulation of the access/progress criteria in copyright scholarship. *See, e.g.*, Netanel, *supra* note 38.

264. This is a common articulation of the access/progress criteria. *See id.*; Cohen, *supra* note 165.

265. For an explanation of the historical use copyright protection as a means of press control, and later as a means of countering monopoly and censorship, see Patterson, *supra* note 27, at 21-33, and text accompanying note 27.

266. As one court succinctly stated, "[w]e cannot recognize copyright as a game of chess in which the public can be checkmated." Morrissey v. Procter & Gamble Co., 379 F.2d 675, 679 (1st Cir. 1967) (citing Baker v. Selden, 101 U.S. 99 (1879)).

267. *See* Netanel, *supra* note 38 (making the same claim).

268. *See* Litman, *supra* note 99 (raising this argument).

1. Copyright Formalities

Early English decisions refused to grant a patent unless disclosure of the invention was made. Similarly, in the early history of copyright law, copyright was granted only to authors that fulfilled certain formal requirements. For example, under the Statute of Anne, a person could not be found liable "for or by reason of the printing or reprinting of . . . books" unless "the title to the copy of such book . . . shall, before such publication, be entred[*sic*] in the register book . . . ."[269] Early American copyright acts also had a similar requirement.[270] The registration of title requirement for copyright and the disclosure requirement for patents performed central roles in the actual grant of the right itself because these "formalities" facilitated access to the protected works.[271]

For patents, the disclosure was required to ensure that the public would benefit from, and have access to, the invention. In *Household Co. v. Neilson*,[272] the court held that "[h]e is not called the inventor who has in his closet invented it but does not communicate it; the first person who discloses that invention to the public is considered as the inventor though another may have invented it and concealed it."[273] Thus, registration of title in copyright and filing for a patent served similar functions. Other copyright requirements, such as fixation, also facilitate the access-welfare objectives of copyright. Examined from a welfare perspective, one can reasonably conclude that the formalities attendant to copyright protection were more than purely administrative requirements. The historic

269. Statute of Anne, 1710, 8 Ann., c. 19 (Eng.).

270. *See* Act of May 31, 1790, ch. 15, § 3, 1 Stat. 124; Copyright Act of 1909, ch. 320, §§ 9, 12, 35 Stat. 1075; 17 U.S.C §§ 401, 407 (1998).

271. For one thing, registration of title communicated the existence of a literary work; the deposit requirement provided a source for the public to access the work. It is interesting that only the United States had a registration requirement. I would argue that these "formalities" were consistent with the dominant utilitarian philosophy of intellectual property. Registration, in particular, informs the public what literary works exist in the market place, facilitating, among other things, research. After accession to the Berne Convention for the Protection of Literary and Artistic Works in 1989, the United States abandoned the mandatory registration requirement in order to comply with the Berne Convention requirement of no formalities. *See* Berne Convention, *supra* note 226, art. 5(2); *see also* Jane C. Ginsburg & John M. Kernochan, *One hundred and Two Years Later: The U.S. Joins the Berne Convention*, 13 COLUM.-VLA J.L.& ARTS 1, 19-20 (1988) (advising registration for non-U.S. works). There is still a registration requirement for United States works as a prerequisite for filing an infringement suit and collecting statutory damages. In addition, two copies of the work must be deposited with the Library of Congress. *See* 17 U.S.C. § 407 (1998). The deposit requirement is separate requirement and unlike registration, does not affect the validity of the copyright. Failure to deposit may, however, give rise to a small fine. *See id.*

272. THOMAS WEBSTER, REPORT & NOTES OF CASES ON LETTERS PATENT FOR INVENTIONS (1601-1843) 719.

273. *Id.* The modern articulation of this is found in the Patent Code, 35 U.S.C. § 102(g) (1998). Under this provision, one who has concealed an invention is not entitled to claim priority under the first to invent rule.

requirement of compliance with certain formalities prior to the grant of copyright makes clear that the copyright grant was not conceived as an absolute, unregulable right.

2. The Idea/Expression Dichotomy

The idea/expression dichotomy is tone of the fundamental tenets of copyright law and marks the primary distinction between copyright and patents. Copyright protects the expression of ideas and not the ideas themselves.[274] This simple formulation belies the complexity (and confusion) this dichotomy has presented in copyright's fertile history. The articulation of the principle is found in the momentous case of *Baker v. Selden*,[275] and codified in section 102(b) of the 1976 Copyright Act.[276] Unlike the patent system, which recognizes only the first inventor, copyright permits several authors to claim protection for their version of the same story.[277] It is improbable that two authors could produce, word for word, the same piece of literature or art, musical composition, or computer program. The inexact nature and infinite variety of human expression makes possible the grant of copyright to as many as qualify, even if the information being communicated is the same. Therefore, while "copyright provides a financial incentive to those who would add to the corpus of existing knowledge by creating original works,"[278] nevertheless, "the fundamental policy undergirding the copyright laws [is] the encouragement of contributions to recorded knowledge."[279] The idea/expression dichotomy promotes use welfare by circumscribing the scope of protectable subject matter. Facts and other basic tools are excluded from protection with the explicit concern of preserving a core set of resources for other authors.[280]

---

274. *See* Baker v. Selden, 101 U.S. 99 (1879).

275. *Id.* at 104 ("The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book.").

276. 17 U.S.C. § 102(b) (1976) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.").

277. Hoehling v. Universal City Studios, Inc., 618 F.2d 972, 978-80 (2d Cir. 1980).

278. *Id.* at 974.

279. *Id.* at 980.

280. Recently, the Federal Circuit held that methods of doing business are patentable, invalidating a longstanding judicial doctrine that served to limit the scope of patentable subject matter. *See* State St. Bank & Trust Co. v. Signature Fin. Group, 149 F.3d 1368, 1375-76 (Fed. Cir. 1998), *cert. denied*, 525 S. Ct. 851 (1999). Like copyright, the scope of patent law has been extended to subject matter previously regarded as unpatentable, with some subjects such as software eligible both for copyright and patent protection. Indeed one court has stated explicitly that "virtually anything is patentable." Hughes Aircraft Co. v. United States, 148 F.3d 1384, 1385 (Fed. Cir. 1998) (Clevenger, J., dissenting); *see also* Scotchmer, *supra* note 166, at 3 (observing that

In addition, the idea/expression dichotomy serves the public interest by maintaining an equilibrium between patents, trade secrets, and other forms of protection. However, the expanded scope of patentable subject matter[281] and its increasing overlap with copyrightable subject matter represents a threat to the public welfare. It does so by intruding and taking from the commons what historically was protected from such intrusion by the statutory boundaries that define patentability and copyrightability. Put differently, the greater the scope of patent protection, the less meaningful the idea/expression dichotomy is for preserving a public domain of freely accessible works under the copyright regime. Similarly, contract regimes, such as proposed Uniform Computer Information Transactions Act (UCITA), to the extent that they purport to facilitate the reach of copyright to previously uncopyrightable subject matter[282] or seek to secure rights for authors not granted by the 1976 Copyright Act,[283] impermissibly shrink the commons and marginalize public welfare concerns.

3. Length of Protection

The Constitution empowers Congress to grant authors, for limited times, the exclusive rights to their works.[284] Limited terms serve to ensure that protected works lapse into the public domain where they may be used freely in their entirety by others[285] which aids public welfare.[286] The first Copyright Act granted copyright protection for fourteen years.[287] Since

---

blurring between copyright and patent protection has led to successful and unsuccessful attempts to enact new forms of protection, and expand old ones).

281. *See supra* note 280 and accompanying text; *see also* Robert Merges, *As Many as Six Impossible Patents Before Breakfast: Property Rights for Business Concepts and Patent System Reform*, 14 BERKLEY TECH. L.J. 577, 578 (1999).

282. *See* Jessica Litman, *The Tales That Article 2B Tells*, 13 BERKELEY TECH. L.J. 931 (1998).

283. *See id.* at 934-35; *see also* Mark A. Lemley, *Beyond Preemption: The Law and Policy of Intellectual Property Licensing*, 87 CAL. L. REV. 111, 128-33 (1999).

284. U.S. CONST. art. I, § 8, cl. 8.

285. *See* Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) (holding that "[t]he limited scope of the copyright holder's statutory monopoly . . . reflects a balance of competing claims upon the public interest"). *See* generally 17 U.S.C. §§ 101-120 (1998) (establishing limited terms).

286. *See* H.R. REP. NO. 60-2222, at 7 (1909) (commenting on Copyright Act of 1909, ch. 320, §§ 50, 57, 35 Stat. 1075) ("This enactment of copyright legislation by Congress is not based upon any natural right that the author has in his writings . . . but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted by securing to authors for limited periods the exclusive rights to their writings."); *see also* Stephen Fraser, *The Conflict Between the First Amendment and Copyright Law and Its Impact on the Internet*, 16 CARDOZO ARTS & ENT. L.J. 1, 12 (1998); Lloyd Weinreb, *Copyright for Functional Expression*, 111 HARV. L. REV. 1149, 1214 (1998) (arguing that the enactment of copyright legislation was not based on any natural rights of the other, but on "the ground that the welfare of the public will be served" (citing H.R. REP. NO. 60-2222, at 7)).

287. Copyright Act of May 31, 1790, ch. 15, §1, 1 Stat. 124.

then, Congress has extended the term of copyright protection thirteen times.[288] Most recent, the Sonny Bono Copyright Term Extension Act[289] (CTEA) extended copyright protection from life of the author plus fifty years to life of the author plus seventy years.[290] This recent term extension prompted a lawsuit[291] alleging the CTEA violates the "limited terms" provision of article 1, section 8, clause 8 of the Constitution.[292] Also, the complaint alleges that the retroactive extension of the copyright term adversely affects the public domain and, consequently, is a violation of the public trust doctrine.[293]

It is unclear whether constitutional challenges to copyright term extensions are tenable; as the complaint acknowledges, any term short of perpetuity could conceivably pass scrutiny as a "limited term."[294] The tension between author incentives and the public interest is not an "either/or" proposition.[295] Rather, these two "interests" are constitutive

288. Act of February 3, 1831, ch. 16, 4 Stat. 436; Copyright Act of 1909, ch. 320, 35 Stat. 1075; 1962 Copyright Term Extension Act, Pub. L. No. 87-668, 76 Stat. 555; Act of Aug. 28, 1965, Pub. L. No. 89-142, 79 Stat. 581; Act of Nov. 16, 1967, Pub. L. No. 90-141, 81 Stat. 464; Act of July 23, 1968, Pub. L. No. 90-416, 82 Stat. 397; Act of Dec. 16, 1969, Pub. L. No. 91-147, 83 Stat. 360; Act of Dec. 17, 1970, Pub. L. No. 91-555, 84 Stat. 1441; Act of Nov. 24, 1971, Pub. L. No. 92-170, 85 Stat. 490; Act of Oct. 25, 1972, Pub. L. 92-566, 86 Stat. 1181; Act of Dec. 31, 1974, Pub. L. No. 93-573, 88 Stat. 1873; Act of Oct. 19, 1976, Pub. L. No. 94-553, 90 Stat. 2573; Sonny Bono Copyright Term Extension Act, 17 U.S.C. § 304(b) (1998).

289. Sonny Bono Copyright Term Extension Act of 1998, Pub. L. No. 105-298, 112 Stat. 2827, § 102(b) (codified as 17 U.S.C. § 304(a) (1998)).

290. *Id.*

291. Complaint, Eldred v. Reno, No. CA 99-0065 (D.D.C. Oct. 27, 1999), *available at* http://cyber.law.harvard.edu/eldredvreno/complaint_orig.html. The plaintiff, Eldritch Press, is a non-profit unincorporated association. *See id.* In 1995, the Eldritch Press was founded by Eric Eldred in order to demonstrate how computers could be used to present books over the Internet in new ways and in ways that improved upon books in printed form. *See id.* Scholars have also increasingly turned to constitutional theory in search of limits to Congress' power in the area of intellectual property. *See, e.g.*, Robert Patrick Merges & Glenn Harlan Reynolds, *The Proper Scope of the Copyright and Patent Power*, 37 HARV. J. ON LEGIS. 45 (2000); Mark Lemley, *The Constitutionalization of Technology Law*, 15 BERKELEY TECH. L.J. 529 (2000) (commenting on this trend).

292. *See id.*

293. *See id.* 34-36, 38-40.

294. *See id.* 34.

295. It is misleading to argue that a tension exists between fair use and exclusive rights unless one can say the same about statutory exceptions and exclusive rights. Clearly, certain uses, such as photocopying, do create tension between exclusive rights and public welfare. These uses are outside of the scope of what this paper argues is the proper conception of fair use. However, treating these non-fair uses of copyrighted work under the general rubric of fair use engenders confusion. Contemporary fair use doctrine is wrongly used as a tool to accomplish the desirable balance between authors or owners of copyright and the public. This requires that fair use take into account both aspects of the public welfare, where welfare is defined as *both* accessibility and use. This view of the fair use doctrine involves a utility for the doctrine beyond market failure or as a default rule to legitimize an activity for which no specific exemption exists. Instead, fair use ought to be

elements of the concept of public welfare. The argument that it is the promise of "reward to the author or artist that serves to induce release to the public of the products of his creative genius"[296] is no longer incontestable.[297] The number of works of authorship available on the Internet for over 100 million users suggests that there are indeed alternate motivating factors behind creativity and release of works to the public.[298] This is not an argument to decry the legitimacy of pecuniary gain—payment to the author is also a matter of fairness.[299] However, undercutting public interest goals by expanding author incentives, without any evidence of a concomitant benefit or advantage to the public, will not yield the social benefits requisite for progress; clearly another layer of barriers is not an encouragement to use information.[300] And, after all, the point of the information revolution is to promote, rather than hinder or make costlier, a greater flow of knowledge.

It is ironic that there is such great inclination toward high protectionism in intellectual property when knowledge and information are infinite and its acquisition is easier than it has ever been. In truth, however, knowledge frequently is not discovered, but *re*discovered (or repackaged) and articulated in specific techno-legal, sociopolitical, and economic milieus. In *Whelan v. Jaslow Dental Laboratories,* the court stated that "copyright law has always recognized and tried to accommodate the fact that all intellectual pioneers build on the work of their predecessors."[301] This contention "has long been a virtually unchallenged premise in all branches of the law of intellectual property."[302] The history of technological progress teaches that what is "new" is often the product of accumulated knowledge. This fact is favorably regarded as economically efficient[303]—yet another

employed only where the balance between authors and users is skewed; that is, where protection would serve to hinder creativity of the first *or* subsequent creator. Thus, fair use should not be in question where *substantial* copying may have occurred but such copying has produced a new intellectual good.

296. United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948).

297. *See generally* Margaret Chon, *New Wine Bursting from Old Bottles, Collaborative Internet Art, Joint Works, and Entrepreneurship,* 75 OR. L. REV. 257 (1996) (describing the evolution of mass authorship engendered by Internet technology which facilitates collaborative work and creates a new type of access to protected works).

298. *See generally* Amy Harmon, *The Rebel Code,* N.Y. TIMES, Feb. 21, 1999, § 6, at 34. (discussing the Linux operating system and the ideology behind its free availability on the Internet).

299. *See* Polygram Int'l Publ'g v. Nevada/TIG, Inc., 855 F. Supp. 1314, 1319-20 (D. Mass. 1994).

300. *See* Chafee, *supra* note 43, at 507 ("'The principle of copyright is this, it is a tax on readers for the purpose of giving bounty to writers. The tax is an exceedingly bad one; it is a tax on one of the most innocent and most salutary of human pleasures . . . .'"(quoting Lord Macaulay)). *See also* Lunney, *supra* note 259.

301. 797 F.2d 1222, 1238 (3d Cir. 1986).

302. Lotus Dev. Corp. v. Paperback Software Int'l, 740 F. Supp. 37, 77 (D. Mass. 1990).

303. *See* Scotchmer, *supra* note 166, at 4-7; *see also* Lunney, supra note 259.

aspect of measuring "public welfare." For, while encouraging innovation, neither copyright nor patent laws encourage inefficiency. Put a bit more succinctly, "It is true that one does not have to re-invent the wheel in order to ride a bicycle,"[304] but neither should one have to reinvent the bicycle.

The challenge for fair use generally is to ensure that whatever is allowed to "stand on the shoulders" of a prior work adds to the intellectual wealth of the society. Whether an author is actually rewarded monetarily through a monopoly rent is a different question. Like other protected works, this is a decision which society itself makes. Copyright is not a sacrosanct grant of monopoly privileges, and the labor of authors must be effectively compensated and guarded from theft. In between these two premises lies the terrain of fair use, not limited to mediating between exclusive rights and the public interest, but also ensuring that the copyright system does not checkmate itself by preventing subsequent innovators from using prior works. Thus, I would argue that there is a need to abrogate the presumption in modern copyright that every copying, no matter how minimal, is an infringement *per se*.[305] Where copying from a prior work is substantial, fair use has the task of evaluating whether the work is new and, as such, is simultaneously deserving of a fair use defense and its own copyright protection.[306]

Several cases have applied fair use to activity in cyberspace.[307] The courts in these cases have simply extended the traditional fair use analysis to the allegedly infringing behavior with no concomitant examination or explication of the nature of cyberspace and how, if at all, fair use ought to be applied. However, the socio-political and economic character of

304. DENNIS GOULET, THE UNCERTAIN PROMISE 34 (1989) (quoting Lord Ritchie-Calder, *The Role of Modern Science and Technology in the Development of Nations*, UNITED NATIONS, SCIENCE AND TECHNOLOGY: THE ROLE OF MODERN SCIENCE AND TECHNOLOGY IN THE DEVELOPMENT OF NATIONS AND THE NEED TO STRENGTHEN ECONOMIC AND TECHNICAL SCIENTIFIC OPERATIONS AMONG STATES, U.N. Doc. E/5238/Add.1, at 11 (1973)).

305. At least one case has said as much. *See* Acuff-Rose Music, Inc. v. Campbell, 754 F. Supp. 1150 (1991) (holding copying for parody to be fair use). *But see* Towle v. Ross, 32 F. Supp. 125 (D. Or. 1940) (reflecting the prevailing view that any direct copying, no matter how minimal, is infringement). As a result, the requirement that an infringing work be substantially similar is almost irrelevant, particularly where copying is admitted (as is often the case with parody). Litchfield v. Spielberg, 736 F.2d 1352, 1355 (9th Cir. 1984); Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp., 562 F.2d 1157, 1167 (9th Cir. 1977).

306. Interestingly, every successful fair use defense creates an additional set of rights to make derivatives. In this sense, fair use may in theory also lead to greater production of works in the same way as the original copyright grant. An unintended consequence of this suggestion might be the heightening of the required creative element in copyright law, which I suggested earlier in this Article.

307. *See* Storm Impact, Inc., v. Software of the Month Club, 13 F. Supp. 2d 782, 787 (N.D. Ill. 1998); *see also* Michaels v. Internet Entm't Group, 5 F. Supp. 2d 823, 835 (C.D. Cal. 1998); Religious Tech. Ctr. v. Netcom On-Line Communications Serv., Inc., 907 F. Supp. 1361, 1379-80 (N.D. Cal. 1995).

cyberspace importunates more than a *pro forma* extension of fair use to cyberspace.

B. *Revisiting Acuff-Rose and Its Progeny*

The Supreme Court case of *Campbell v. Acuff-Rose Music, Inc.*[308] and its progeny[309] provide a possible framework for a future cyberspace fair use doctrine.[310] However, the *Acuff-Rose* decision does not refine the doctrine of fair use as much as is necessary for cyberspace. While flexibility is important to allow the courts to determine the cases in a way that best serves the underlying purposes of copyright, the courts cannot, and need not, sacrifice coherence for flexibility. The *Acuff-Rose* decision is in accord with other fair use decisions where the focus has been on the purpose of the use and not on the end product. The case, while significant in many respects is, however, simply one battle won. Two recent fair use decisions demonstrate the willingness of courts to limit fair use where the copyright owner establishes a scheme for negotiating use licenses, regardless of the purpose of the use.

In *Princeton University Press v. Michigan Document Services, Inc.*,[311] the Sixth Circuit Court of Appeals rejected a fair use claim for the reproduction of multiple copies of copyrighted works for classroom use. The central focus of the court's analysis was the existence of a licensing regime established by the plaintiff. According to the court, there was no justifiable reason for the defendant not to pay licenses for such use.[312] Similarly, in *American Geophysical Union v. Texaco, Inc.*,[313] the court held that since photocopying is not a transformative use and, in addition, a market to license photocopying exists, the defendants could not succeed on a fair use claim.[314] The principles enunciated in *Princeton University* and *American Geophysical Union* have been critically assessed in a recent law review article.[315] These two cases significantly undermine the potential, evident in *Acuff-Rose*, for a reinvigorated fair use doctrine that focuses on the value of using the protected works. In cyberspace, these cases are particularly worrisome because of their reliance on the existence of

308. 510 U.S. 569 (1994).

309. Two recent fair use decisions will be considered: *Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381 (6th Cir. 1996) (en banc), *cert. denied*, 520 U.S. 1156 (1997) and *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1994).

310. *See generally Acuff-Rose*, 510 U.S. at 570.

311. 99 F.3d 1381 (6th Cir. 1996) (en banc).

312. *Id.* at 1387-88.

313. 60 F.3d 913 (2d Cir. 1994).

314. *Id.* at 931-32. The dispute in *American Geophysical Union* was between publishers of scientific and technical journals and Texaco whose research scientists often photocopied articles from these journals. *Id.* at 914.

315. *See* Loren, *supra* note 57.

licensing regimes and the assumption that such regimes preempt fair use.[316] A blanket legitimization of automated rights management systems, clickwrap licensing regimes, or other similar means to assert absolute property rights over a work in cyberspace will automatically convert every user into a taker/infringer. In constructing fair use for cyberspace, the possibility of agreement between content providers and users through licensing systems or *via* technological devices should not lead to a system where users are excluded from a medium or forced to pay exorbitant prices for use and access. Such a result will eviscerate the benefits of fair use, and ultimately recreate patterns of resource allocation that institutionalize the status of the information "haves" and the information "have nots." It also increases the social cost of having a copyright system in the first instance. If owners have an incentive, as they do currently, to resort to alternative protection regimes, the costs of maintaining a copyright system will ultimately outweigh the social benefits as under use of copyright becomes a reality. I propose the following modifications to the fair use doctrine as applied to cyberspace.

1. The Purpose and Character of the Use or the Allegedly Infringing Work

The first element of the fair use test helps determine whether the new work merely supplants the original "or instead, *adds something new with a different purpose or different character.*"[317] While recognizing that a transformative use is not "absolutely necessary" for a finding of fair use,[318] the *Acuff-Rose* Court noted that such works "lie at the heart of fair use."[319] Moreover, where a work has been greatly transformed, it will eclipse the significance of commercialism in making a fair use determination.[320] Thereafter, the Court examined the nature of a parody.[321]

Many cases have concluded that a parody may constitute fair use of a protected work.[322] Yet, unlike prior decisions, the Court analogized parody

316. *See id.* at 32-47 (criticizing this trend and discussing some implications).

317. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994) (emphasis added).

318. *Id.*

319. *Id.*

320. *See id.* I am a little wary of the language of the court. "Transformative" works could possibly embrace derivative works, which would still be considered a violation of the author's rights. Since derivative works must also be infringing works, a determination of infringement is necessary even when the derivative right is not in issue. This is why the court's conclusion of infringement with no analysis is problematic. Also, determining what is a "transformative work" becomes a problem in new technology. *See, e.g.*, Sega Enter., Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992) (discussing protection of videogame initialization codes).

321. *See Acuff-Rose*, 510 U.S. at 579-80; *see also* Benny v. Loew's Inc., 239 F.2d 532, 537 (9th Cir. 1956) (finding that a parody was not fair use).

322. *See* Fisher v. Dees, 794 F.2d 432, 440 (9th Cir. 1986); *see also* Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 758 (9th Cir. 1978); Elsmere Music, Inc. v. NBC Inc., 482 F. Supp. 741, 747

to commentary in order to justify a finding of fair use,[323] and also distinguished a parody from a commentary in order to label the former a transformative work.[324] The need to make this determination apparently arose due to a Sixth Circuit finding that the parody afforded no critical content.[325] Why this should defeat a fair use finding is unclear.[326] It is clear,

(S.D.N.Y. 1980); Walt Disney Prods. v. Mature Pictures Corp., 389 F. Supp. 1397, 1398 (S.D.N.Y. 1975).

323. *Acuff-Rose*, 510 U.S. at 582.

324. *See id.* at 581. It is possible, and indeed is often the case, that a commentary is regarded as a new or transformative work. But what if the work is transformative yet cannot be *squared* away as a commentary or criticism? Is the transformative element ever strong enough to stand on its own as affording the fair use defense? I also think that this analogy portends problems. Criticism and commentaries have traditionally enjoyed a wide scope of protection under the fair use doctrine. As such, extensive quotes from the protected work have been allowed. *See, e.g.*, Robert Stigwood Group, Ltd. v. O'Reilly, 346 F. Supp. 376, 384-85 (D. Conn. 1972) ("[c]ritics may quote extensively in order to comment effectively"). *But see* Loew's Inc. v. CBS, 131 F. Supp. 165, 183 (S.D. Cal. 1955) ("defendant may not legally appropriate under the pretext that burlesque as fair use justifies a substantial taking"). In *Acuff-Rose*, if parody were really to be treated as a commentary or critical review of the original "Pretty Woman," the apparent preoccupation with the "amount and substantiality" used in the rap version was unnecessary. 510 U.S. at 586. While quality of the portion copied is also a consideration, the Court had disposed of that by pointing out that the heart of the original is what a parody must aim at if it will serve its purpose. *Id.* at 588. The Supreme Court expressed no opinion as to the whether repetition of the bass riff constitutes excessive copying, remanding the question back to the lower court. *Id.* at 590-92. Again, once the quality element was disposed of, the Court, in light of precedent, need not have engaged in extensive evaluation of the amount, nor perhaps even remand a question on it. If a parody is criticism the amount of the taking is really not that significant. I suggest that the Court struggled with this because it was trying to *fit* a parody square into a traditional, comfortable hole. This is the bizarre, but ineluctable result of modern fair use analysis.

325. *See* Acuff-Rose Music, Inc. v. Campbell, 972 F.2d 1429, 1436 (6th Cir. 1992). The circuit court referred to the song as merely a quick degeneration of the original. *Id.* at 1435-36 n.8. While not finding a critical element, the circuit court assumed that there was one. However, having done so, it went on to hold that the "blatantly commercial purpose" of the work prevented it from being fair use. *Id.* at 1439; *see also* Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Co-op. Prods., Inc., 479 F. Supp. 351, 357 (N.D. Ga. 1979) (defining parody as a work in which language or style of a prior work is imitated for comic effect or ridicule and which contains some critical comment or statement about the original work, reflecting the parodist's own (original) perspective).

326. *But see* Robert P. Merges, *Are You Making Fun of Me? Notes on Market Failure and the Parody Defense in Copyright*, 21 AIPLA Q.J. 305 (1993). The majority decision in *Acuff-Rose* was influenced by the fact that they could not see any "thematic relationship" between the original song and the parody, therefore the latter could not properly be viewed as a critical comment on the former. *See Acuff-Rose*, 972 F.2d at 1436. The absence of a thematic relationship is, however, a stronger basis for the application of the fair use doctrine. As discussed in Part II, the thrust of common law fair use was the use of part of a work to create a new, independent work. Thus, the lack of a "thematic relationship," which may be a valid requirement of a critical review or commentary, should be irrelevant to a fair use finding. Indeed, the existence of a "thematic relationship" between a protected work and a critical review is precisely why courts have historically provided that critical reviews may quote extensively from the protected use, without violating the copyright. *See, e.g., O'Reilly*, 346 F. Supp. at 385 (noting that it may be necessary for critical reviews to quote the original extensively in order to be effective); *Loew's Inc.*, 131 F. Supp.

however, that where a court begins to inquire into the validity or legitimacy of the allegedly infringing work, it is on less comfortable terrain.[327] After finding that the 2 Live Crew's version of "Pretty Woman" represented a parody, the Supreme Court applied other case law holding that a parody, like news or commentary,[328] may claim fair use.[329]

While serving the Court's purpose, the analogy to news or commentary focuses inordinately on what the parody does as its legitimating factor, rather than on what the parody is—a new work. However, this offers insight into how fair use might work in cyberspace. Where the purpose and character of use is consistent with the nature of the medium, fair use should provide protection. Thus, the evolving norms of cyber-behavior such as linking, forwarding, browsing, and in some circumstances caching—all potential infringements under copyright law—would be excluded from the reach of claims of infringement.[330] This is an important point because the "real-space" analogies to these cyber-activities are not considered infringements. For example, showing someone a letter that one receives or reading a book that contains infringing material are not infringing acts, demonstrating to some degree that the subject of the infringement claim in cyberspace is both the activity and the enabling technology. In evaluating fair use in cyberspace, courts should take note of how the technology determines modes of communication, particularly in the case of hypertext links, and what the technology enables users to do. Social welfare comprises the sum of the use and the enhanced utilities that communications technology offers and an application of fair use in cyberspace should account for this ideal.

---

at 174 (noting that reviews may quote extensively from copyrighted works for purpose of illustration and comment).

327. *See Acuff-Rose*, 972 F.2d 7 at 1442-46 (Nelson, J., dissenting); *see also Acuff-Rose*, 510 U.S. at 582 (noting that it is outside the scope of the courts' responsibility to inquire into the merits of a work for copyright protection).

328. The courts have historically given wide latitude to the use of works for the purposes of criticism and literary review. Rather than exclude criticism as a separate category of work which was the way it was treated at common law, modern fair use simply gives this use a wide latitude. *See, e.g.*, Maxtone-Graham v. Burtchaell, 803 F.2d 1253, 1265 (2d Cir. 1986); H.C. Wainwright & Co. v. Wall St. Transcript Corp., 418 F. Supp. 620, 625 (S.D.N.Y. 1976); *Loew's Inc.*, 131 F. Supp. at 173-74.

329. Tin Pan Apple Inc. v. Miller Brewing Co., 737 F. Supp. 826, 829 (S.D.N.Y. 1990).

330. The European Parliament recently proposed a copyright directive to ban caching of World Wide Web content by Internet Service Providers serving European customers. In response to this proposed directive, the Internet Society issued a statement urging the Parliament to reconsider its proposal arguing, among other things, that caching drives internet service costs down thus making it more efficient and affordable to a larger user population. *See* Internet Society Statement on Web Caching Ban, E-mail from John Muller (Feb. 2, 1999) (on file with author).

2. The Nature of the Medium

The second fair use element, the nature of the protected work, performs a discriminating function for copyrighted works. The courts have long recognized that certain forms of creative expression should be more zealously protected than others. This element thus requires, in an odd sense, an evaluation of the kind of work that is protected—asking subtly, how much creativity has gone into the original work. The greater the level of creativity, the closer the work reaches "the core of intended copyright protection."[331]

Although the *Acuff-Rose* decision only briefly addresses this element, the Court found that the original "Pretty Woman" fell within the core of copyright protection,[332] but that the distinction between "the fair use sheep [and] the infringing goats"[333] was not helpful in this instance since a parody, like the early abridgements, requires some incorporation of the prior work. However, this discriminating function is crucial in two respects. First, it permits the courts to make a threshold decision about the value of protecting certain kinds of works, such as factual compilations.[334] Second, the higher the degree of creativity in the original, the greater the possibility of infringement by a subsequent user absent some substantial transformation in the allegedly infringing product. In a sense, then, this second fair use element signals the court's need to evaluate the public interest involved in protecting a new work which has utilized prior works.

This element should be augmented with a consideration of the nature of the medium. In other words, the possibilities that new technology presents to the public welfare should be considered in evaluating the strength of protection to be afforded to a particular work in cyberspace. Automated rights management systems and clickwrap licenses offer copyright owners the possibility of protecting noncopyrightable material or excluding access to noncopyrightable aspects of the copyrighted work, thus eliminating the discriminating function that an evaluation of the protected work otherwise achieves. However, a court's consideration of the nature of the medium should prove to be a significant tool for users to

331. *Acuff-Rose*, 510 U.S. at 586.

332. *Id.*; *see also* MCA, Inc. v. Wilson, 677 F.2d 180, 182 (2d Cir. 1981) (holding that when determining whether a particular use is fair, courts may consider whether the work was creative, imaginative and original); *see also* Lotus Dev. Corp. v. Borland Int'l, Inc., 831 F. Supp. 223, 242 (D. Mass 1993) (reasoning that the scope of copyright protection is greater and a finding of fair use is less likely the greater the creative expression found in a work). *See generally* Robert Gorman, *Fact or Fancy? The Implications for Copyright*, 29 J. COPYRIGHT SOC'Y 560 (1982).

333. *Acuff-Rose*, 510 U.S. at 586.

334. *See* Feist Publ'ns, Inc. v. Rural Tel. Servs. Co., 499 U.S. 340, 363-64 (1991); *see also* Lunney, *supra* note 259, at 487 (arguing that the tension implicit in the incentives-access paradigm leads to a perverse result. The more necessary the work, in this case the medium, the more important it is to provide access. However, relying on access alone, Professor Lunney argues it means for such important works there might be less protection.).

facilitate access to elements of the protected work that are already free, by law, for use. It would also facilitate use welfare by permitting uses in cyberspace that might otherwise constitute infringement simply because of the nature of the medium.

3. The Amount and Substantiality of the Portion Used and the Utility of the Underlying Work

This element would evaluate whether the alleged infringer took just what was needed to accomplish the purpose or produce the object that incorporates a portion of the protected work. For a traditional analysis, because fair use is a defense to infringement claims, a *prima facie* case for infringement is the first step to the examination of fair use.[335] To establish infringement, the plaintiff must prove "substantial similarity" between the alleged infringing product and the copyrighted work. Once this *prima facie* case has been established, the assertion of fair use as a defense triggers another level of inquiry, namely whether the elements of fair use can be found in the defendant's use of the copyrighted work. Thus, in *Apple Computer v. Franklin Computer Corp*,[336] the court found infringement where programs sold by the defendant Franklin were "virtually identical" to those covered by Apple's copyright.[337] In *Folsom*, the court held "[where] the labors of the original author are substantially . . . appropriated by another," infringement would be found by a court.[338] In *Story*, a century earlier, the court made it clear that in order to avoid a finding of liability for infringement, a work utilizing portions of copyrighted material must not "convey the same knowledge as the original work."[339] In its modern

335. *Cf.* Deborah Kemp, *Limitations Upon the Software Producer's Right:* Vault Corp. v. Quaid Software Ltd., 16 RUTGERS COMPUTER & TECH. L.J.85 (1990) (pointing out that fair use analysis always arises in the context of infringement claims, regardless of the amount of copying in question). Kemp points out that historically, *de minimis* copying was actually grounds for denying infringement, rather than grounds on which an infringement claim could rest. *Id.* at 108. This argument has found support in some modern decisions. *See, e.g.*, Loew's Inc. v. CBS, Inc., 131 F. Supp. 165 (S.D. Cal. 1955) (stating more extensive use of copyrighted material is permissible so long as a substantial part is not taken); Karll v. Curtis Pub. Co., 39 F. Supp. 836, 837 (E.D. Wis. 1941) ("[C]opyright contemplates and permits fair use by all persons."). This position is also credible when viewed in the common law cases from which Justice Story distilled the four fair use factors now codified in the law. Folsom v. Marsh, 9 F. Cas. 342 (C.C.D. Mass. 1841). Since these cases dealt with *abridgements* which by nature embodied a significant portion of the protected work, a fair use factor focusing on the amount of work appropriated was almost indispensable in those cases. Its continuing validity, given the expansion of copyright to derivative works, and even without it, given the judicial tendency towards protectionism, is doubtful. See Sandoval v. New Line Cinema Corp., 147 F.3d 215 (1998) and Ringgold v. Black Entm't Television, Inc., 126 F.3d 70 (1997) (both addressing de minimus use as a defense to infringement).

336. 714 F.2d 1240 (3rd Cir. 1983).

337. *Id.* at 1245.

338. *Folsom*, 9 F. Cas. at 348.

339. Story v. Holcombe, 23 F. Cas. 171, 174 (C.C.D. Ohio 1847).

form, however, the test applied focuses on the similarity of the works, namely the "'total concept and feel test'" of copyright infringement.[340]

This third fair use element performs a policing function by guarding the quality of work protected, and ensuring that an allegedly infringing product does not perpetuate a fraud on the public by gaining a monopoly without genuinely adding to the wealth of intellectual goods. Thus, taking a relatively small, but indispensable or critical part of a work, could constitute an infringement.[341] In addition to quality, this element traditionally analyzes the quantity of the portions used; a product that only makes cosmetic changes will not overcome an infringement claim. In its analysis, the Court found that although the *Acuff-Rose* parody copied the "heart of the original," it did so only to fulfill its parodic intent, for example, to conjure up the original in the minds of the listeners.[342] Once it accomplished this goal, the court found that the song took on "distinctive sounds," with various other additions markedly departing from the original.[343]

The Court in *Acuff-Rose* interpreted the amount and substantiality element as turning on the "justification of the particular copying done."[344] This element does not revert to the "nature and purpose of the copying" element of the fair use test. Rather, it serves to identify whether the portion copied was simply enough to accomplish the goal of creating a new work which is substantially different from the original. The rationale thus appeals to the utility of the underlying work, opening up the possibility of examining how another user might reimagine a prior protected work. Thus, the element as reconceived would be consistent with *Acuff-Rose* and meaningfully account for the diversity of uses in cyberspace by accommodating an evaluation of the utility of cyberspace itself or certain cyberpractices. Augmenting the fair use doctrine in this manner dovetails with two other doctrines that limit the scope of copyright in the interests of the public: the idea/expression dichotomy and, more limitedly, the merger doctrine.

The amount and substantiality of the copyrighted work has already become an issue with photographs on the Internet. In a recent preliminary ruling handed down by a Southern California federal judge, the court held

340. Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp., 562 F.2d 1157, 1167 (9th Cir. 1977) (quoting Roth Greeting Cards v. United Card Co., 429 F.2d 1106, 1110 (9th Cir. 1970)).

341. *See* Allen-Myland, Inc. v. IBM Corp., 746 F. Supp. 520, 534-35 (E.D. Pa. 1990) (holding that where the portion copied is key or essential, it is substantial enough to weigh against a fair use finding); *see also* Rosemont Enter., Inc. v. Random House, Inc., 256 F. Supp. 55 (S.D.N.Y. 1966), *rev'd on other grounds*, 366 F.2d 303 (2d Cir. 1966) (finding no clear law discerning when a violation of infringement constitutes copyright violation).

342. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 588 (1994).

343. *Id.* at 589.

344. *Id.* at 586.

that thumbnail reproductions of database images by a search engine is not an infringement.[345] While the court did not rule on this as a matter of fair use, the alleged infringer claimed that it was a matter of fair use because the search engine only reproduced small sizes of the pictures.[346] Users are adding to the body of copyright myths[347] by asserting that the size of the digital image has a bearing on whether the use is fair. Clearly this is, at best, an attempt to apply the quantitative element of the fair use analysis to works such as photographs that are not as amenable to this element. As the plaintiff in this case asserted, whether a picture is small or big, if it is reproduced in its entirety and it is a copyright violation.[348]

There are several ways a court might deal with this problem, the easiest being a holding that reproduction by a search engine is not an infringement. These programs allow users to locate and retrieve information from the Internet. The notorious Ninth Circuit decisions in *Mai System, Corp. v. Peak Computer*[349] and *Micro Star v. Formgen, Inc.*,[350] unfortunately mitigate against such a holding. Search engine functions, I would argue, are part of the design framework of cyberspace. Such designs should enjoy some degree of protection from infringement actions because they are integral to what cyberspace is. The appropriate degree would then be a matter for a fair use determination.

4. Convert the Market Test to a Measure of Damages

Finally, I would eliminate the traditional fourth factor, the effect of the use upon the potential market or value of the copyrighted work, as an element of fair use and instead apply it as one of the measurements for damages if infringement and not fair use were to be found. The fourth factor is often considered the most important in modern fair use analysis. It requires the court to look at the market harm caused by the work of the alleged infringer.[351] The court must evaluate the impact of the use upon the actual or potential "market" for the protected work,[352] which includes the market for derivative works.[353] The pertinent question asks whether the

345. Kelly v. Arriba Soft Corp., 77 F. Supp. 2d 1116, 1122 (C.D. Cal. 1999).

346. *See id.; see also* Victoria Slind-Flor, *Thumbnail Not Even a Tiny Infringement*, NAT'L L.J., Dec. 6, 1999, at B7.

347. *See, e.g.*, Lemley, *supra* note 4, at 1274 (noting a variety of copyright myths about what is permissible).

348. *See Kelly*, 77 F. Supp. 2d at 1120.

349. 991 F.2d 511 (9th Cir. 1993).

350. 154 F.3d 1107 (9th Cir. 1998).

351. *See* Association of Am. Med. Colls. v. Cuomo, 928 F.2d 519, 525 (2d Cir. 1991).

352. *See* Arica Inst., Inc. v. Palmer, 970 F.2d 1067, 1078 (2d Cir. 1992).

353. *See* Sony Corp. of Am. v. Universal Studios, Inc., 464 U.S. 417, 482 (1984) (Blackmun, J., dissenting); *see also* Sega Enter., Ltd. v. Accolade, Inc., 977 F.2d 1510, 1522 (9th Cir. 1992); Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc., 964 F.2d 965, 969 (9th Cir. 1992).

allegedly infringing work will act as a substitute for the prior work,[354] thereby reducing demand for the prior work or materially affecting its sale.[355]

As stated above, prior to *Acuff-Rose* a presumption of unfairness attached to every commercial use of protected work.[356] However, the *Acuff-Rose* court recognized the distinction between a total or substantial appropriation of a copyrighted work, like those at issue in *Sony* and *Folsom*, as well as a transformative work.[357] One prominent scholar anticipated this as the most important aspect of a future Supreme Court decision which *Acuff-Rose* proved to be.[358] The Court in *Acuff-Rose* overturned the distinctions in *Sony* and *Folsom,* where the issue at stake was total duplication[359] or appropriation of a substantial portion of a copyrighted work.[360] The Court found that when a new work is transformative, "market harm may not be so readily inferred."[361] The Court, with amazing dexterity, sidestepped the issue of whether a parody is a derivative work, to hold that harm to derivatives is its only valid concern.[362] Again reverting to the treatment of all parody as a comment or

354. Marvin Worth Prods. v. Superior Films Corp., 319 F. Supp. 1269, 1274 (S.D.N.Y. 1970).

355. *See* Mura v. CBS, Inc., 245 F. Supp 587, 590 (S.D.N.Y. 1965).

356. *See Sony*, 464 U.S. at 449; *see also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 583-84 (1994); Haberman v. Hustler Magazine, Inc., 626 F. Supp. 201, 210-11 (D. Mass. 1986); Pamela Samuelson, *Fair Use for Computer Programs and Other Copyrightable Works in Digital Form: The Implications of* Sony, Galoob, *and* Sega, 1 J. INTELL. PROP. L. 49, 64 n.63 (1993).

357. *See Acuff-Rose*, 510 U.S. at 584.

358. *See* Samuelson, *supra* note 356, at 64 n.63 (stating her hope that the Supreme Court would eventually overrule the presumption of unfairness).

359. The *Sony* case involved the use of video cassette recorders (or VTR's—video tape recorders as they were then called) to record television programs and movies. Universal brought suit against Sony Corp., the manufacturers of the VTR's, for contributory infringement due to the potential use by private viewer's of VTR's to record copyrighted programs. *Sony*, 464 U.S. at 420. In a controversial and momentous decision, a majority of the Supreme Court held that Sony's sale of VTR's did not constitute contributory infringement because of the substantial non-infringing uses consumers could make of them. *Id.* at 456. While *Sony* is often treated as a significant fair use case, I am of a different opinion. *Sony* involved the use of an unrelated product to copy protected work. The VTR itself did not represent a fair use of the protected programs. It was the use of the VTR that constituted fair use. Thus while *Sony* is indeed an important decision in the application of copyright law to new technology, it is not, strictly speaking, really a fair use case. The same concern is applicable to the *Galoob* case. For various approaches to the *Sony* decision, see Wendy Gordon, *Fair Use As Market Failure: A Structural and Economic Analysis of the Beta Max Case and Its Predecessors*, 82 COLUMB. L. REV. 1600 (1982). It is interesting to note, however, that Universal Studios presented an argument against a finding of fair use by Sony. It argued that since the copying done by VTR users was intrinsic copying and not creative copying fair use could not attach. *Sony*, 464 U.S. at 427. This argument infers that the common law fair use form, and the U.S. departure from it was already obvious at this time.

360. *See Acuff-Rose*, 510 U.S. at 591.

361. *Id.*

362. *Id.* Obviously, criticism and commentary would not be considered derivative works. This is one advantage of hiding a parody under this rubric. The Court determined that the parody was

criticism, the court found that, like the former categories, "the fact that a parody may impair the market for derivative [works] by the . . . effectiveness of its critical commentary" is not relevant.[363] The Court, therefore, held that the parody should be examined to see whether or not it qualifies as a fair use.[364]

The Court's treatment of parody in *Acuff-Rose* has beneficial consequences for cyberspace. If communication is the goal, then fair use will help distinguish between communication that is the *sine qua non* of the Internet and mere exploitation of another's proprietary interests. A strong copyright regime with a narrow fair use doctrine closes the opportunity for "information spinoffs" in much the same way a strong patent system does for future improvements without fulfilling the higher standard of creativity which underlies a grant for patent protection. This effect of a narrow fair use doctrine has long been recognized.[365] The issue should not be that literal replication exists, but rather whether there is a conveyance of the same information using the original as a source. Again, in cyberspace, where browsing, editing, and forwarding e-mail is a standard practice, the first fair use element will be useful in serving to distinguish whether such use is part of the progress engendered by the technology or an impermissible appropriation.

The market test is a difficult one where new technology is concerned. Every use of a work, no matter how innocent, minimal, or fair, will affect the sale of the original.[366] This fact is undisputed even where a finding of fair use has been sustained on statutory grounds, such as a literary or movie review.[367] A critical review often destroys the market for a new work or

---

not likely to affect the market for the original because they serve different market functions. *See id.* It was unlikely that the parody would serve as a "substitute for the original." *Id.* at 571. However, the critical question it seems, is whether the use of "enough to conjure up the original" which is fundamental to a parody, makes the parody "substantially similar" to the original in order to satisfy the test for derivative works.

363. *Id.* at 593.

364. *Id.*

365. *See, e.g.*, Story v. Holcombe, 23 F. Cas. 171. Justice McLean opined that "[t]he same rule of decision should be applied to a copyright as to a patent for a machine. The construction of any other machine which acts upon the same principle, however its structure may be, varied is an infringement on the patent . . . . Now an abridgement, if fairly made, contains the principle of the original work, and this constitutes its value. Why then, in reason and justice, should not the same principle be applied in a case of copyright as in that of a patented machine? . . . But a contrary doctrine has long been established." *Id.* at 173. *See also* Lemley, *supra* note 166.

366. The cotton gin, invented by Eli Whitney, was improved by innovators whose profit was subsequently diminished by the ensuing competition. *See generally* JEANNETTE MIRSKY & ALAN NEVINS, THE WORLD OF ELI WHITNEY (1993). As one court noted, "There is no fair or non-competing use of copyright material unless by consent." Towle v. Ross, 32 F. Supp. 125, 127 (D. Or. 1940).

367. Section 107 of the 1976 Copyright Act specifies certain uses of a copyrighted work that would not normally not be subject to claims of infringement. Examples include use for "purposes

movie. Yet, the review is, subject to some broad limitations on the amount used, typically considered a fair use of copyrighted material.

There are two distinct senses in which courts have employed "market" in an infringement analysis and in a fair use analysis. The first sense involves the pure marketability of the original work. In other words, is this new work a substitute[368] for the original? The roots of this sense of marketability can be found in *Folsom*.[369] If the use of another work is for the purpose of superseding the use of the original work and substituting for it, this would be "deemed in law a piracy."[370]

The rationale behind this aspect of marketability is intuitive. One should not be permitted to use another person's work to destroy the original work. This prevents fair use from being used both as a sword and a shield by subsequent authors. It furthers the public good by ensuring that goods created by different individuals are either different in the sense that they meet different needs[371] or that they are different in the sense that they enrich the store of creative works.[372] The inquiry into the amount and substantiality of the portion used, then, aids in analyzing the level of creativity that went into the subsequent work. This element of the fair use analysis is necessary to determine whether the allegedly infringing work

---

such as criticism, comment, news reporting, teaching... scholarship, or research." 17 U.S.C. § 107 (2000). While there is a presumption of fair use for such uses, this presumption is not dispositive of the outcome of the fair use analysis. The use must still be examined under the four elements of the fair use test. *See* Harper & Row, Publ'rs, Inc. v. Nation Enter., Inc., 471 U.S. 539, 551-52 (1985).

368. One of the reasons the market effect test is difficult to use is that unless one has literally work copied a protected work, protected expression can communicate the same thing in different words. Since ideas are not protected by copyright law, the ability to substitute one work for another, thereby affecting the market for the first work, is quite easy to accomplish.

369. *See* Folsom v. Marsh, 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901).

370. *Id.*; *see also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

371. *See generally* Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988).

372. *See* Hoehling v. Universal City Studios, Inc., 618 F.2d 972 (2d Cir. 1980). The court found that, in dealing with fiction, "the distinction between an idea and its expression is especially elusive." *Id.* at 978. The court observed that "copyright provides a financial incentive to those who would add to the corpus of existing knowledge by creating original works." *Id.* at 974. Though the two story plots at issue in the case were "necessarily" similar, the court found there was no infringement because the public benefitted from the "development of historical and biographical works." *Id.* at 978. It is unclear what really motivated the court's decision. Traditionally, there has been a strong policy in favor of biographical and historical works. Does the wide latitude given to authors to rely on prior works of history indicate judicial favor of historical work, or that the public benefits greatly from this kind of work? In short, is it the nature of the work *per se*, or the conviction that given the nature of the work, public welfare is significantly enhanced by encouraging the use of prior works? It is also unclear why there is a presumption that the latitude given to authors in using prior historical accounts will "encourag[e] the development of historical and biographical works and their public distribution." *Id.* It is antithetical to the prevailing presumption in intellectual property law generally, that it is *strong* protection, with limited and narrowly construed exceptions, that encourages development and creativity.

is simply the result of a "facile use of scissors"[373] or whether independent, significant, "intellectual labor and judgment"[374] were utilized in creating the allegedly infringing work. As noted earlier, courts have long recognized that the use of a limited, but essential or valuable, portion of the original work is an infringement; it is not necessary that the whole or the larger part be used.[375] It is important to note that the courts have also held that "the fact that an entire work is reproduced does not have its ordinary effect of militating against a finding of fair use."[376] Where the ultimate use is limited, that factor carries little weight. Again, this element serves the Internet well, particularly given the practice of wholesale downloading and forwarding of copyrighted works. Some might argue that these practices are precisely why a limited fair use doctrine should apply to cyberspace. In response, certain nontransformative uses ought not to be fair uses; for example, copying and distributing literary or musical work merely to avoid having to pay for it and absent any potential educational or political benefit from doing so. In such cases, the intent or purpose and justification of the copying or distribution would weigh heavily against such a use. The prospects of abuse of welfare doctrines should not become a basis for negating the value of public welfare in cyberspace. Recent history demonstrates that in the cyberwars over ownership, the prophylactics have had far greater consequences than the imagined disease.

The market test has traditionally exerted the greatest influence on the court's decision.[377] This is the most serious implication for new technology, because the market invariably informs the success of new technology. It is also clear that commercial success is an important part of a decision to invest in innovation in the first place. The combined effect of a market test and a right to make derivative works brings new technologies that are the subject matter of copyright unjustifiably closer to the monopoly type protection afforded innovation under a patent regime. Finally, it should be noted that the commercial impact/market test is somewhat redundant in the context of new technology. The pace of innovation requires that a product be competitive to ensure success in the market place. In cyberspace, success is determined by use of the information or access to it. Suboptimal use would be considered inefficient. Thus, attempts to measure harm by the impact on the market must take, as a measure, the success of that particular website or or bulletin board; however, it is users that determine the success of any of these "markets." The increasingly commercial nature of cyberspace will engender much

373. Folsom v. Marsh, 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901).

374. *Id.*

375. *See id.; see also* Harper & Row, Publ'rs, Inc. v. Nation Enter., Inc., 471 U.S. 539, 550 (1985); Acuff-Rose Music, Inc. v. Campbell, 754 F. Supp. 1150, 1156-57 (M.D. Tenn. 1991).

376. Sony Corp. of Am. v. Universal Studios, Inc., 464 U.S. 417, 449-50 (1984).

377. *See* Association of Am. Med. Colls. v. Cuomo, 928 F.2d 519, 525 (2d Cir. 1991).

pressure to limit the fair use doctrine: owners are interested in utilizing the new medium for greater economic gain, but unwilling to recognize user interests in the efficiencies that the medium also provides.

C. *Lessons from Section 117 of the 1976 Copyright Act: Towards an Architecture*

In 1977, the National Commission on New Technological Uses of Copyrighted Works (CONTU) recommended treating computer programs as a form of literary work.[378] The report effectively argued for the extension of copyright principles including fair use to computer generated works, seeing no insurmountable problems to treating computer programs as a form of literary work.[379] How does a court determine the fair use of a work which utilizes some component of a new technology? In other words, what rules should determine what constitutes fair use of information accessed from the Internet or from an Internet Service Provider? More interestingly, what would constitute a fair use of a databases or other computer generated works which are more similar to hardware? For example, is it fair use when a painting—optically scanned, color coded, and bit-mapped—is translated into a musical work by digital technology?[380] Is it a new work or a copy when information is digitally reprocessed from information derived from a database?[381]

Section 117 of the 1976 Copyright Act lists a category of copying that is immune from infringement claims.[382] These uses include the right of the lawful owner of a copy of a computer program to copy or adapt a program if the new copy or adaptation "is created as an essential step in the utilization of the computer program in conjunction with a machine and... is used in no other manner."[383] Whenever Congress has intervened to accommodate users' rights within a specific technological development, it has resulted in complex systems of management that confound even the most astute copyright scholar or practitioner.[384] The fact is, legislative interventions are themselves costly. The rules that emerge are complex and difficult to follow. For cyberspace, legislating exemptions for specific uses, in addition to leaving room to consider specific designs under a fair use doctrine may be a prudent strategy since we cannot predict how the Internet

378. CONTU Report, *supra* note 5.

379. Miller, *supra* note 134, at 979, 983.

380. *See* Paul Edward Geller, *The Universal Electronic Archive: Issues in International Copyright*, 25 INT'L REV. INDUS. PROP. & COPYRIGHT L. 54, 63-65 (1994).

381. *See id.*

382. 17 U.S.C. § 117 (1998).

383. 17 U.S.C. § 117(a)(1) (1998).

384. The DMCA is a supreme example of this. *See supra* note 7.

will evolve.[385] It is important for a court to identify framework or design elements that are integral to the function of cyberspace, while understanding that these too are not necessarily immutable.

The *Acuff-Rose* decision extended the fair use defense to parodies,[386] notwithstanding the commercial nature of the parody.[387] In recognizing that the success of a parody lies in its ability to "conjure up at least enough of the original to make the object of its critical wit recognizable,"[388] the Court focused more on the nature of the work rather than its commercial element. Thus, when use of the "essence" of the original is a necessary part of fulfilling the purpose of the allegedly infringing work, a defense of fair use may be sustained.[389]

The "essence" in the cyberspace context might currently include hypertext links or tools that might foster interoperability. There are, then, at least two possible approaches to the concept of fair use in cyberspace. First, a test that accommodates the medium itself as the object of fair use, and second a more traditional approach that examines the use of content in cyberspace. For the latter, the cardinal requirement should still be that the use of prior work be productive, either in the transformative sense or simply by virtue of enhanced skill and knowledge. In some cases, particularly where there may be use of prior work, the "newness" of the work or level of creativity required should be substantive, and not simply a new form of expressing the same work. A painting that is transformed into music through a technological process is, for example, a new "expressive" work and should be considered fair use under the common law version of the doctrine. However, it presents a significant issue for even newer technology: the music, while a copyrightable subject matter, was made possible through a technological process which is not copyrightable. Is this type of expression, made possible only by technological process, a copyrightable expression? "Whose" (or "what") "creativity" is being rewarded?[390] I would suggest that it is the interaction of human expression and technological advance that is being protected under the aegis of copyright. The fair use doctrine I propose for cyberspace explicitly accommodates this new reality of "authorship" and "creativity."

385. There is a hint of this problem in the MPAA lawsuit where one of the contested issues is the provision of Links to sites that host infringing material. Information available at http://eon.law.harvard.edu/openlaw/DVD/ or at http://www.2600.com/news/.

386. A parody is "a writing in which the language and style of an author or work is closely imitated for comic effect." WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1643 (1981).

387. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 572 (1994).

388. *Id.* at 588.

389. Clearly this may lead to an unfettered use of protected works. The courts simply need to construe "necessary" strictly, by looking to the nature of the allegedly infringing work. The courts have done this when faced with new technology. *See, e.g.*, Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 456 (1984).

390. This is already an issue with a proposed right of publicity for digital images.

The digital reprocessing of information, on the other hand, should fail under both approaches, but particularly under the common law doctrine. Where information is stored, for example, on a CD-ROM, such storage should not be considered a translation for the purpose of copyright protection. Neither should it be considered transformative for the purpose of a fair use defense. It essentially is the same information in a different form. Any attempt to protect it presents the same dilemma—what "creativity" is being rewarded? In an increasingly technological age, we must be careful not to derive "creativity" from mere labor, nor permit the two to become indistinguishable.

Modern fair use has departed from its roots. Its use as an affirmative defense to an infringement claim is both misplaced and misused. In *Harper & Row Publishers, Inc. v. Nation Enters.*,[391] the Supreme Court noted that the doctrine of fair use, traditionally predicated upon the author's implied consent to a "reasonable and customary" use of his work, was not recognized as a defense.[392] And in the most recent exposition of the fair use doctrine, the Supreme Court repeated the cardinal rule of fair use analysis: "From the infancy of copyright protection, some opportunity for the fair use of copyrighted materials has been thought necessary to fulfill copyright's very purpose."[393] Throughout the years, courts have built upon this concept of fair use in an attempt to mediate between the public interest in having new works as well as access to creative works and the interests of authors to have their works adequately protected from infringement. New technology brings fair use full circle. In fair use analysis involving new technologies, the questions have had to focus on the purpose of the law and whether or not the allegedly infringing product impedes or promotes that purpose. This balancing act has led to a two-tier framework which, depending on the context, has required a probing evaluation of the nature of the new work.[394]

For cyberspace, a presumption of fairness, not infringement, should be considered for a limited spectrum of activities. While proprietors and producers of works have never been comfortable with any presumption of fairness,[395] it seems incongruous to grant, much less limit, this presumption to private noncommercial use. Those who would productively use Internet technology, will inevitably use it in commerce broadly construed.[396] If we

391. 471 U.S. 539 (1985).

392. *Id.* at 550.

393. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 575 (1994).

394. *See, e.g., id.* at 569; Sega Enter., Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992); Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988).

395. *See generally* Sony Corp. of Am. v. Universal City Studios, Inc. 464 U.S. 417, 449-50 (1984).

396. *See generally* Alfred C. Yen, *Entrepreneurship, Copyright, and Personal Home Pages*, 75 OR. L. REV. 331 (1996).

must have presumptions at all, a presumption of fairness should be extended to productive commercial use as well as noncommercial private use. Both these uses promote some element of public welfare: the new work has effectively utilized the old to give society a new intellectual product and the private noncommercial use has enabled one individual to enrich and empower her life. Courts must be mindful of the chosen method to accomplish public welfare goals, namely, rewarding authors while adopting implementation strategies to ensure that welfare goals are protected.[397] Further developments in technology will continue to test this balancing act.[398]

V. CONCLUSION

Economists have debated long and hard about how to measure social welfare and under what circumstances specific choices may be deemed to advance social welfare. Despite several competing models, three factors are clearly important for this determination: the allocation choice should include more people and not less; the allocation choice should improve on previous conditions; and the allocation choice should minimize cost.[399] A vision of fair use rooted in these norms will yield important economic and social value for society at large.

As use of the Internet exploded, and the copyright industry agitated over the potentially devastating impact of information technology on their ability to control use and dissemination of copyrighted material, Congress followed its traditional course of responding to new technology by expanding owners' rights.[400] The "cut" and "paste" approach evident in the

397. *See generally* Lotus Dev. Corp. v. Paperback Software Int'l, 740 F. Supp. 37 (D. Mass. 1990).

398. *See* Samuelson, *supra* note 356. Her article explores some uses of digital technology which displace the comfortable framework of modern fair use analysis. She concludes that these digital uses, and their results, are thus far manageable within the current framework. *See id.* at 102-16.

399. *See generally* KENNETH J. ARROW, SOCIAL CHOICE AND INDIVIDUAL VALUES (1951) (explaining the logic of choices made by a collective body in response to the individual preferences of its members).

400. *See* Lehman Statement, *infra* note 416 (stating as fact that copyright evolves in response to technological change and that Congress has historically responded to such change by enacting statutes to cater to new technology). The orthodoxy of rote expansion of rights by Congress has been challenged in a recent lawsuit filed by Harvard Law professors contesting the constitutionality of the Sonny Bono Copyright Term Extension Act (CTEA) of 1998. Sonny Bono Copyright Term Extension Act, 17 U.S.C. § 304(b) (1998). The issues at stake in the lawsuit represent the frontier of legal challenges to how resources will be allocated in cyberspace. Moreover, the issues at stake in the lawsuit symbolize the transformative power of information technology as it provides new avenues for citizens all over the world to recreate their lives, redirect their creativity, and contribute to social and political empowerment. For example, the Eldritch Press was founded in 1995 to demonstrate the superior capabilities of Internet publishing. The Press has a specialized collection of novels, typically

current legislative environment of copyright law assumes that the public welfare vision which fueled the Constitutional mandate[401] for intellectual property protection remains a fixed star in our two hundred and fifty year old constellation of intellectual property jurisprudence. Perhaps more directly, it assumes that the extant categories of intellectual property can and should be maintained in cyberspace as the best means for accomplishing the Constitutional mandate.[402] Legal scholarship that has evaluated this assumption has tended to focus on the application of copyright law to cyberspace, emphasizing the areas where such wholesale application is likely to be problematic, infeasible, or subversive of the policy goals of copyright law.

The scholarship centers on the application of copyright principles to new technologies; specifically, the challenges this medium poses to copyright administration.[403] For example, a burgeoning body of literature has examined the advent of copyright management systems as an alternative[404]

---

of out of print works, and makes them available by utilizing hypertext mark up language. *See id.* These works are thus globally accessible by any World Wide Web browser. The Press adds value to the posted works by including notes, illustrations, links to other Internet sources, and a variety of other features. For selected academic critiques of rights expansion, see James Boyle, *Intellectual Property Policy Online: A Young Person's Guide*, 10 HARV. J. L. & TECH. 47 (1996). Policy makers "view intellectual property rights as a simple linear function. They act as if the more intellectual property rights we grant and the 'larger' we make each right, the more creators will produce new books, movies, computer programs, and pharmaceuticals." *Id.* at 48; Jessica Litman, *Copyright Legislation and Technological Change*, 68 OR. L. REV. 275 (1989). *See generally* Elkin-Koren, *supra* note 168.

401. U.S. CONST. art. I, § 8, cl. 8 (vesting Congress with power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

402. The private sector, in concert with the Clinton Administration and with support from some legal scholars, successfully advocated for a stronger property rights regime for information goods, and/or for greater private regulation of the use of such goods in cyberspace, on the grounds that the nature of the Internet optimizes efficient transactions. *See* Bell, *supra* note 1; Robert P. Merges, *The End of Friction? Property Rights and Contract in the "Newtonian" World of On-Line Commerce*, 12 BERKELEY TECH. L.J. 115 (1997); I. Trotter Hardy, *Property (and Copyright) in Cyberspace*, 1996 U. CHI. LEGAL F. 217 (1996). In 1993, President Clinton established the Information Infrastructure Task Force (IITF) to explore, articulate and recommend strategies to promote the development of the National Information Infrastructure (NII). The Working Group on Intellectual Property was charged with the responsibility to examine U.S. intellectual property law and policy in light of the NII and recommend changes. The Working Group released a preliminary report (Green Paper) on July 7, 1994, and issued a final report (White Paper) in 1995. Both the Green Paper and the White Paper have been heavily criticized for emphasizing owner's rights and skewing the traditional copyright equilibrium. *See, e.g.*, Peter Jaszi, *Caught in the Net of Copyright*, 75 OR. L. REV. 299 (1996); Jessica Litman, *The Exclusive Right to Read*, 13 CARDOZO ARTS & ENT. L.J. 29 (1994); Pamela Samuelson, *The Copyright Grab*, WIRED 4.01, Jan. 1996, at 134.

403. *See* Niva Elkin-Koren, *supra* note 216, at 380-97 (identifying conceptual difficulties in extending copyright principles to digital technology); *see also* J.H. Reichman & Pamela Samuelson, *Intellectual Property Rights in Data?*, 50 VAND. L. REV. 51, 124-30 (1997).

404. *See, e.g.*, Julie E. Cohen, *A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace*, 28 CONN. L. REV. 981, 1029 (1996); Julie E. Cohen, *Copyright and*

(or superior[405]) means of securing enforcement of copyright in the digital era. Additional arguments point to the risk of market failure from lax or unenforceable cyberspace property rights and suggest that current forms of protection will lead to undesirably low levels of production in information goods.[406] Other scholars have argued that stronger rights secured either through contract law or increased copyright protection are not inexorable means of achieving the Constitutional mandate of promoting public welfare in cyberspace.[407] These "cyberrealists"[408] question the legitimacy of the economic assumptions posed by the "cybereconomists"[409] and challenge the specific vision of welfare implicit in their economic modeling.[410]

However, the arguments against a stronger copyright regime and in favor of *sui generis* protection for cyberspace have relied on measurements of public welfare also utilized by cybereconomists. Both groups envision "progress," defined as a sufficiently high production of creative works, as a proper measure of public welfare, but differ as to how best to realize that vision.[411] The assumption appears to be that traditional measurements of public welfare remain valid. Consequently, attempts to examine the broader implications of the public welfare objective explicitly mandated in the Constitution have been "captured" by the inherent limitations and deficiency of this view of progress.[412] The Constitutional clause has yielded indeterminacy in constructing appropriate boundaries for the scope of Congressional power in the area of intellectual property, and thus offers no operative measure of the public interest outcome of legislative activity.

---

the Jurisprudence of Self-Help, 13 BERKELEY TECH. L. J. 1089, § 2 (1998); Rick G. Morris, *Use of Copyrighted Images in Academic Scholarship and Creative Work: The Problems of New Technologies and a Proposed "Scholarly License,"* 33 IDEA 123, 149 (1993) (suggesting a compulsory licensing scheme).

405. BELL, *supra* note 1, at 567.

406. *See* Reichman & Samuelson, *supra* note 403, at 55; *see also* Henry H. Perritt, Jr., *Property and Innovation in the Global Information Infrastructure*, 1996 U. CHI. LEGAL F. 261, 276.

407. Reichman & Samuelson, *supra* note 403, at 72-106.

408. Legal realism questioned the epistemologies of legal order epitomized by *Lochner v. New York*, 198 U.S. 45 (1905). There is a critical mass of scholarship that has been identified as the school of legal realism. *See, e.g.*, AMERICAN LEGAL REALISM xiii (William W. Fisher, III et al. eds., 1993). I dub those who challenge orthodox economic views of how to manage intellectual property, or who deconstruct the values of an economic climate in cyberspace that purports to be neutral, as cyberrealists.

409. This metaphor was coined by Julie Cohen. *See* Cohen, *supra* note 165, at 464.

410. *See id.* at 515-33.

411. *See id.* at 464 n.6. (asserting that she does not challenge the progress/access criteria of cybereconomists but the means by which they argue it should be pursued). *But see* Lunney, *supra* note 259 (criticizing this dominant paradigm).

412. *But see* Margaret Chon, *Postmodern "Progress": Reconsidering the Copyright and Patent Power*, 43 DEPAUL L. REV. 97 (1993) (offering a vision of progress as informed by social mores and needs). *See generally* Lunney, *supra* note 259.

While constitutional arguments have gained allure in recent times, what is needed is new language for evaluating and arguing over the legitimacy of intellectual property laws.

. In this Article, I have argued that the debate over which legal regime should prevail over the protection of content on the Internet—*sui generis* or copyright law—must be recast in light of the radical changes that communications technology has engendered in the way we live, think, and interact.[413] Cyberspace is a distinct economy and the determination of how intellectual property rights will apply to it is fundamentally a question of resource allocation.[414] Increased property rights inhibit opportunities for

413. An estimated 200 million people were expected to use the Internet in 1999. *See* Reno v. ACLU, 521 U.S. 844, 849 (1997). Other technology, such as the television or radio, have also had profound effects on society. However, the combined audio, visual, and interactive capability of communications technology engenders a medium in which political, economic and social interaction is radically effected and affected. Exclusion from the Internet will reinforce the underprivileged position of poor citizens and exacerbate the economic divide by perpetuating the growth of a class of ill-equipped citizens. The U.S. government is keenly aware of this and has devised several initiatives to address concerns of a widening digital gap. For example, the Improving America's Schools Act of 1994 mandated a plan based on four pillars: making modern computers and learning devices accessible to every student; connecting classrooms to one another and to the outside world; making educational software an integral part of the curriculum; ensuring that teachers are ready to use and teach with technology. *See* Pub. L. 103-382, October 20, 1994; 108 Stat. 3518. *See generally* Rosemary J. Coombe, *Left Out on the Information Super Highway*, 75 OR. L. REV. 237 (1996) (offering a critique of the dominantly Western dialogue that permeates the Internet and pointing out how the commodification of culture in the form of intellectual property rights occludes use of, and access to, information); U.S. Department of Commerce, *Falling Through the Net: A Survey of "Have Nots" in Urban and Rural America* (1995) at http://www.ntia.doc.gov:/ntiahome/fallingthru.html (last visited Mar. 17, 1999); U.S. Department of Education Technology Home Page, *at* http://www.ed.gov/Technology/potuscommit.html (last visited Aug. 4, 1999).

414. Indeed the government is cognizant of the tremendous economic opportunity portended by the National Information Infrastructure (NII). In a statement before the House of Representatives, Bruce Lehman identified seven promises of the NII. These include:

> (1) a greater amount and variety of information entertainment resources, delivered quickly and economically all over the world; (2) access to rich cultural resources around the world transforming and expanding the scope and reach of the arts and humanities and broadening cultural experiences through diversity of content; (3) support for education and library systems; (4) enhanced competitiveness for U.S. business and the promotion of job creation, economic growth, and well being for Americans; (5) new job opportunities in the creation, processing organizing, packaging and dissemination of information, education and entertainment products; (6) technology, trade and business opportunities for new products and new markets for U.S. industries; (7) a wider variety and greater number of choices for consumption of books, movies, music, computer programs and other copyright works, increased competition and reduced prices.

Hearings on S. 1284 and H.R. 2441 before the Subcomm. on Courts and Intellectual property of the Senate and House Comm. on the Judiciary (1995) (statement of Bruce Lehman, Assistant Secretary of Commerce).

ordinary citizens to appropriate, fully, the panoply of benefits derived from and through information technology. Expansive copyright protection favors those who create and own information, but fails to consider the other vital component of the information revolution—public welfare. The utilitarian emphasis of intellectual property policy has been transposed to the Internet as though the Internet was, itself, a result of the intellectual property regime. By focusing on how to adapt, or not adapt, copyright law to information goods, the current legislative response assumes that the public welfare vision that real-space copyright law has sustained should remain intact, notwithstanding the wealth of commercial, social, and political uses of the Internet. Consequently, I challenged the concept of public welfare as a static norm and the idea that progress is measured solely, or even primarily, by the level of production of intellectual works without any consideration of the extent and nature of uses that are potentiated. Copyright scholars have strenuously advocated that application of copyright in cyberspace should reflect the same balance the law currently strives to maintain between public and private interests,[415] and criticize the fact that recent legislation threatens this balance.[416] I would suggest, however, that this *de minimis* approach is just as problematic as the pervasive "ratcheting up" of intellectual property rights; it fails to recognize the need for the development of a robust public welfare vision that will facilitate and equip citizens for effective participation in cyberspace.[417]

There is no question that the Internet has engendered new challenges and opportunities for those who provide informational content ("givers") as well as new opportunities for those who would baldly misappropriate such content ("takers"). Between these two groups, however, are those who use information in a variety of productive ways. Identifying these groups is, for practical purposes, a complex process, although for the most part courts historically have done a good job distinguishing between (fair) users and misappropriators. With the Internet, however, the complexity is compounded as the question of authorship becomes intertwined with the question of use. Every user in cyberspace is a potential author for copyright purposes; in some of the multiple ways interaction takes place on the Internet the distinction between authorship and use is virtually (no pun

415. *See* Litman, *supra* note 400, at 275; see also Samuelson, *supra* note 12; DanThu Thi Phan, *Will Fair Use Function on the Internet?*, 98 COLUM. L. REV. 169, 216 (1998) (arguing that fair use should play an important role in maintaining copyright equilibrium on the Internet).

416. *See supra* note 23 and accompanying text.

417. *But see* Elkin-Koren, *supra* note 216, at 345; Elkin-Koren, *supra* note 168; Keith Aoki, *Considering Multiple and Overlapping Sovereignties: Liberalism, Libertarianism, National Sovereignty, "Global" Intellectual Property, and the Internet*, 5 IND. J. GLOBAL LEG. STUD. 443 (1998) (all offering a critique of the narrow conception of the socio-politics, power and economy of intellectual property rights in the digital age, and in some cases, offering alternative visions for the role of cyberspace in society).

intended) nonexistent. Yet, the enormous potential of the Internet to transform economic status[418] and positively affect socioeconomic relations is too great a welfare benefit to be constrained within traditional measurements of the public/private balance. If stronger property rights are justified (or necessary) because welfare gains from increased creativity are jeopardized by the ease with which established rights may be undermined by takers, then stronger countervailing user rights are also required to, at least, maintain welfare benefits for users because new technology enables owners to "lock up" information content. Recent copyright legislation has granted owners the legal prerogative to do precisely this,[419] while state sanctioned private law regimes are being crafted to accomplish a similar end.[420] The Constitutional imperative to *promote,* and not merely *sustain,* progress in the arts[421] thus requires stronger *user* rights on the Internet or, at the very least, a different conception of copyright and its associated rights. As copyright is strengthened and expanded to accommodate new technologies, so should the model of public welfare be adjusted to account for how new technology promotes or hinders access and use of copyrighted works.

Several different shades of fair use are evident in the cases dealing with new technology. Courts have sustained an enriching version of fair use regarding the copyrightability of new technology. In cyberspace, however, courts have simply applied the formalistic approach used in other fair use cases, declining even to look at the new technology cases as a model. This may be explained by the pervasive opinion, articulated in the NII White Paper, that digital technology is a radical threat to authors' rights that must be preempted. Thus, the failure of a fair use defense is often a caricatured injunctive remedy,[422] premised on the assumption that digital technology will do irreparable harm to authors and owners. How fair use is applied in cyberspace will reflect a deliberate choice about how to regulate the technology and how to regulate activity that stimulates valuable interaction

418. *See* Lehman Statement, *supra* note 414.

419. *See, e.g.,* Sonny Bono Copyright Term Extension Act, 17 U.S.C. § 304(b) (1998) (extending term of copyright protection for 20 years); Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (prohibiting use of anticircumvention technology); No Electronic Theft (NET) Act, Pub. L. No. 105-147, 111 Stat. 2678 (1997) (criminalizing forms of on-line copyright "infringement"). A violation of the No Electronic Theft Act is punishable by imprisonment or fine. *See* 18 U.S.C. § 2319(c) (1998).

420. *See, e.g.,* UCC art. 2B, § 208 (Feb. 1, 1999 Draft), *available at* http://www.law.upenn.edu/library/ulc/ucc2b/2b898.htm; Cohen, *Jurisprudence of Self-Help, supra* note 32 (arguing for a right of self-help for licensees and not licensors under the proposed regime of art. 2B).

421. *See generally* UCC art. 2B, § 208 (Feb. 1, 1999 Draft), *available at* http://www.law.upenn.edu/library/ulc/ucc2b/2b898.htm.

422. *See* Intellectual Reserve, Inc. v. Utah Lighthouse Ministries, Inc. 75 F. Supp. 2d 1290 (D. Utah 1999).

and discourse among users. *Acuff-Rose* applies fair use to new works, irrespective of the commercial interest of the alleged infringers.[423] Its progeny, however, threaten this conception of fair use.[424] As the *Sega* court noted, courts "are free to consider the public benefit resulting from a particular use."[425] The *Sega* court made the important point that "making it impossible for others to compete runs counter to the statutory purpose"[426] of the Copyright statute.

Similar to the "locking" devices in *Sega* and *Vault*, clickwrap licenses, automated rights management systems, and expansive copyright rights preclude maximum uses of copyrighted work and subject users to the largesse of the copyright owner, as does an expansive derivative rights doctrine. The recent decisions in *Princeton University Press* and *American Geophysical Union* reinforce this structure. These developments should cause us all to pause—and wonder—is technology in danger of us or are we in danger of it? A technological world of cyber-vassals and cyber-lords cannot be what the Founding Fathers envisioned as progress. After five decades of political, social, and legal battles to dismantle embedded power structures that foster inequality and marginalization, it is important that neither Congress nor the courts succumb to pressure to recreate a virtual world patterned after the one which we continue to struggle to transform. Technology, contract, and copyright are imperfect arbiters of all the competing interests at stake in cyberspace. A fair use doctrine that considers the nature of the technological medium and that accounts for the value of the alleged infringer's use of the work offers the prospect of successful, if difficult, mediation of these interests in cyberspace. Fair use offers welfare maximizing efficiencies in the allocation of the most important resource of the global economy, namely, information.

423. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

424. *See generally* Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc., 964 F.2d 965 (9th Cir. 1992); Sega Enter., Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992); Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988); Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

425. *Sega*, 977 F.2d at 1523.

426. *Id.* at 1524.