

**“Copyright and Personal Copying: Sony v. Universal City Studios Twenty-One
Years Later”**

February 25, 2005

The *Sony* Paradox¹

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Senator Orrin Hatch’s introduction of the “Induce Act”² in the summer of 2004 transformed the ongoing debate over the legality, morality and economics of peer-to-peer file sharing into a debate over *Sony v. Universal Studios*,³ at least among the copyright cognoscenti. Fans of the *Sony* decision insist that the legal rule announced in the case made the world safe for innovation.⁴ The *Sony* standard, they tell us, is “the only thing

¹ Portions of this paper are adapted from a chapter on the history and impact of the *Sony* opinion to be published in JANE C. GINSBURG AND ROCHELLE C. DREYFUSS, *INTELLECTUAL PROPERTY LAW STORIES* (forthcoming 2005). I’m grateful to Jon Weinberg, Jane Ginsburg, Rochelle Dreyfuss, Cory Streiseinger, Fred von Lohmann, Julie Cohen and Stacey Dogan for their very helpful suggestions and comments.

² *Inducing Infringement of Copyrights Act of 2004*, S. 2560, 108th Cong., 2d Sess. (2004). The Bill would have made anyone who “aids, abets, induces, or procures” infringement liable as an infringer if a reasonable person, looking at all available information including whether the aiding, abetting, inducing or procuring “activity relies on infringement for its commercial viability” would infer that actor intended to aid, abet, induce or procure infringement.

³ *Sony v. Universal Studios*, 464 U.S. 417, 421 (1984). See, e.g., Xení Jardin, *Induce Act Draws Support, Venom*, WIRED News, Aug. 26, 2004, at URL: <<http://www.wired.com/news/politics/0,1283,64723,00.html>>.

⁴ See, e.g., *Protecting Innovation and Art While Preventing Piracy*, Hearing Before the Senate Comm. on the Judiciary, 108th Cong., 2d Sess. (July 22, 2004) (testimony of Gary Shapiro, Consumer Electronics Association) (“We have long referred to this holding as the Magna Carta for our industry.”), URL:

that protects your right to own a VCR, tape recorder, CD-burner, DVD-burner, iPod, or TiVo. It's that important.”⁵ *Sony*, they claim, has for twenty years shielded innovators from copyright infringement suits and enabled the rapid technological advances that permit us to enjoy an unparalleled wealth of media.⁶

Sony's detractors read the decision more narrowly.⁷ If consumers have some “right” to own or use a VCR, tape-recorder, CD-burner, DVD-burner, iPod or TiVo, they continue, that right certainly doesn't emanate from *Sony*, which recognized a limited consumer privilege to make temporary analog tapes of free broadcast television programs, and declined to hold the maker of a copying machine liable where the machine was used primarily to make those temporary tapes. Thus, when the 9th Circuit concluded that *Sony* precluded finding the distributors of Grokster and Morpheus software liable as contributory infringers, because the software was capable of substantial, commercially significant non-infringing uses,⁸ copyright owners labeled that a gross misreading of *Sony*.⁹ The Register of Copyrights complained that the decision “threatens to dramatically undermine the effectiveness of copyright in the digital age.”¹⁰

<http://judiciary.senate.gov/hearing.cfm?id=1276>; *Id* at __ (testimony of Kevin McGuiness, NetCoalition) (*Sony* “has been one of the cornerstones of the growth of the Internet, because it strikes a reasonable balance between the interest of copyright holders and the technical realities of the online world”); Letter from 42 organizations to Senator Orrin Hatch, July 6, 2004, at URL: <http://www.netcoalition.com/vertical/Sites/%7BF1D948CC-5797-482E-B502-743C873E2848%7D/uploads/%7B86458E75-3C54-4BE0-A5D3-7D67D28DBFC3%7D.DOC> (The *Sony* standard “has given venture capitalists, engineers, and manufacturers the confidence and certainty that they could invest their resources in developing a wide range of consumer products without facing copyright liability”); Downhill Battle, Save Betamax Day, URL: <http://www.savebetamax.org> (“the freedom to use and develop new technology that was protected by the Betamax decision set the stage for the incredible growth in computer technology we've seen in the last few decades.”).

⁵ Downhill Battle, Save *Betamax* Day, at URL: <<http://www.savebetamax.org>>

⁶ See, e.g., Brief of Digital Media Ass'n et. al as Amici Curiae, at 4-5, *MGM v. Grokster* (filed Jan. 24, 2004).

⁷ See, e.g., Brief for Appellants at 40-48, *A&M v. Napster*, 239 F.3d 1004 (9th Cir. 2001); Reply Comments of the Recording Industry Association of America, In the Matter of Digital Audio Broadcasting Systems and Their Impact on Terrestrial Audio Broadcast Services, MM Docket No. 99-325 (filed August 2, 2004); Electronic Frontier Foundation, Endangered Gizmos, at URL: <http://www.eff.org/endangered/>; Theodore D. Frank, Letter to Marlene H. Dortch, Federal Communications Commission, In the Matter of Digital Audio Broadcasting Systems and Their Impact on Terrestrial Audio Broadcast Services (February 7, 2004), at 2 (“the *Sony* decision only authorized certain recording for time shifting”); see also 2004 Senate Hearing, supra note , at __ (testimony of Kevin McGuiness, NetCoalition) (“Moreover, it is unclear whether the entertainment industry is willing to acknowledge that the Supreme Courts ruling applies to anything other than Sony Betamax.”).

⁸ See *MGM v. Grokster*, F.3d (9th Cir. 2004), cert. granted, __ U.S. __ (2004)

⁹ See, e.g., Brief for Motion Picture Studio and recording Company Petitioners, *MGM v. Grokster*, No. 04-480 (filed January 24, 2005), at 2, 17.

¹⁰ See MaryBeth Peters, Copyright Enters the Public Domain, The 33d Donald C. Brace Memorial Lecture, 51 J. Copyr. Soc'y 701, 724 (2004).

The Supreme Court agreed to hear the *Grokster* case in part to resolve the dispute about the meaning and scope of *Sony* in a networked digital age.¹¹ The Court will almost certainly revisit its holding in *Sony* in the course of deciding *Grokster*. That has inspired hyperbolic pronouncements from all sides about the importance of the case. If the Supreme Court gets it wrong, we hear, either innovation will be stymied or the copyright law will be eviscerated.¹²

We've all become too accustomed to feverish overstatements in the course of the continuing copyright wars. It becomes easy to forget that some things we say are exaggerations amplified for rhetorical effect. If we're looking seriously at *Sony*, we should examine the claim that the case functions as the high tech industries' Magna Carta.¹³ Did the Supreme Court intend to craft a shield for innovators or was it merely seeking a plausible rationale to exonerate a manufacturer of a particular popular product? Has the *Sony* decision really protected innovators from lawsuits?

I'm as fond as anyone of what *I* read the *Sony* decision to hold, but I think that some of the familiar claims for its effectiveness as a shield for innovation are difficult to support. While lawyers representing the producers of tape recorders, MP3 players, digital video recorders, or Internet search engines may have read *Sony* to protect their clients from liability, the lawyers representing the recording and motion picture industries read the case more narrowly.¹⁴ When new devices hit the market, they attracted lawsuits.¹⁵ While the shadow of the *Sony* opinion probably influenced the settlement negotiations where there were settlement negotiations,¹⁶ it was not so large a shadow that it was able to protect defendant innovators from running out of money before they could invoke a defense based on *Sony* at trial.¹⁷

¹¹ See Petition for Certiorari, *MGM v. Grokster*, No. 04-480

¹² See, e.g., Amici Curiae Brief of the Computer and Communications Industry Association et. al. in opposition to Petition for Certiorari, *MGM v. Grokster*, No. 04-480 (filed November 8, 2004), at 2; Brief for Motion Picture Studio and Recording Industry Petitioners, *MGM v. Grokster*, at 50.

¹³ See Roger Parloff, *The Real War Over Piracy: From Betamax to Kazaa A legal battle is raging over the "Magna Carta of the Technology Age,"* *Fortune Magazine*, October 27, 2003, at 148.

¹⁴ See, e.g., Reply Comments of the Recording Industry Association of America, In the Matter of Digital Audio Broadcasting Systems and Their Impact on Terrestrial Audio Broadcast Services, MM Docket No. 99-325 (filed August 2, 2004).

¹⁵ See *RIAA v. Diamond Multimedia*, 29 F. Supp. 2d 624 (C.D. Cal. 1998), aff'd 180 F.3d 1072, (9th Cir. 1999); *MPAA v. Replay TV*, Civ. No. 01-09801 (C.D. Cal. filed November 14, 2001); *Metro-Goldwyn-Mayer v. RecordTV*, NO. (C.D.Cal.), filed June 15, 2000; *Twentieth Century Fox Film, Inc. v. Scour, Inc.*, No. 00 Civ. (SDNY) filed July 20, 2000; *Cahn v. Sony*, No. 90 Civ. 4537 (S.D.N.Y. filed July 9, 1990).

¹⁶ See, e.g., Gary S. Lutzker, Note: *DAT's All Folks: Cahn v. Sony and the Audio Home Recording Act of 1991 - Merrie Melodies or Looney Tunes?*, 11 *Cardozo Arts & Enter. L.J.* 145 (1992).

¹⁷ See Dawn C. Chmielewski, *ReplayTV seeks to soothe relations with entertainment industry*, *San Jose Mercury News*, June 18, 2003 ("But the case never got its day in court. It was put on pause in March, when

Those of us who worry about how our favorite language from *Sony* will fare in the *Grokster* decision are worried at least in part because we fear that the best parts of *Sony* might have made their way into the opinion by some judicial accident; given a second chance, a more careful court might take those parts back. *Sony*'s detractors seem persuaded of that, too.¹⁸ It's worth taking some time to examine the historical materials that have become available in the 21 years since the *Sony* decision, to see what persuaded the Court to resolve the case the way it did. The Supreme Court files of Justice William Brennan, Justice Thurgood Marshall, and Justice Harry Blackmun (who wrote the first draft of a majority opinion and ended up turning it into a dissent) are available for review in the Library of Congress, and they provide some insight into the Court's deliberations.

An examination of the Justices' files on *Sony* reveals that at least some of the Justices in the majority were concerned about copyright law's impact on innovators. The Justices hoped to craft a rule that would give copyright owners meaningful protection, without empowering them to squash any emerging technology that threatened their ways of doing business. The process of writing an opinion that would secure a majority of votes, however, resulted in a final product containing a hodge-podge of rationales. The many different reasons the Court listed in support of its result encouraged sharp disagreement among copyright lawyers about what *Sony* had in fact held. That disagreement may have fueled rather than dampened efforts to litigate new technologies into bankruptcy. A revisited *Sony* may abandon principles that we think are important, but it may also end up offering emerging technology a more reliable shield than *Sony* has been able to supply.

In part I of this paper, I recount the historical background surrounding the introduction of the Betamax video tape recorder, the filing of the lawsuit, and the progress of the case in the lower courts. In part II, working from internal court memoranda and unpublished drafts of the majority and dissenting opinions, I explore the Supreme Court's treatment of the case. In part III I suggest some conclusions supported by the historical materials as to what the Justices had in mind. In part IV, I discuss the influence of the *Sony* decision on subsequent copyright law. In part V, I challenge the claim that *Sony* has served as an effective shield for innovation, and speculate on what aspects of *Sony* are most at risk as the Court prepares to decide *Grokster*.

SonicBlue filed for bankruptcy."); Roger Parloff, *Killer App: Thanks to its ballyhooed Napster alliance, Bertelsmann faces more than \$ 17 billion in copyright lawsuits. Now that's a real killer app.*, *Fortune*, Sept. 2003, at 111 ("Because Napster went bankrupt, its legal status was never finally resolved.")

¹⁸ See, e.g., 2004 Senate Hearing, *supra* note 4 (testimony of Mary Beth Peters, Register of Copyrights).

I. Background

In the fall of 1975, when the first Sony Betamax appeared in stores, the American public had already become used to personal copying technology. The photocopy machine, invented in 1937 and sold commercially since 1950, was a common piece of equipment in business offices and libraries.¹⁹ Copyshops had sprung up in the mid-1960s. Consumer audio cassette recorders, first marketed in 1963, had become ubiquitous.²⁰ The telephone answering machine, introduced by Phonemate in 1971, had become increasingly familiar, and telefacsimile machines were making inroads in the U.S. market. Before the Sony Betamax, several manufacturers had introduced consumer home video devices, but all of them had flopped.²¹

A number of U.S. companies expected that the next big thing would be laser disc video playback-only devices. MCA, owner of Universal Studios, had invested heavily in a format it called DiscoVision. RCA (then-owner of NBC) was working on its own laser disc system, named SelectaVision. Magnavox was trying to perfect Magnavision. None of these systems was ready for the market, and none of them was compatible with the others. The appearance of a home video tape recorder threatened the potential market for laser disc devices: would consumers purchase playback-only machines if they could instead buy machines that could both play and record?²²

The first Betamax introduced in the U.S. was a combination television-video tape recorder that cost more than two thousand dollars. Several months later, Sony introduced the Betamax SL-7300, a stand-alone video tape recorder with a list price of \$1300 (about \$4300 in today's dollars). By the time of trial, the price of a Sony Betamax had dropped to \$875, equivalent to about \$2300 in 2004 dollars. Notwithstanding the steep price, consumers bought it. Sony supported its product launch with a series of commercials and print ads touting the opportunity to watch two shows that were being broadcast at the same time. "We've all been in the situation where there are two TV programs on opposite each other and we'd give any thing to be able to see both of them. Well now

¹⁹ In *Williams & Wilkins Co. v. U.S.* 487 F.2d 1345, affirmed by an equally divided Court, 420 U.S. 376 (1975), medical publishers sued the National Library of Medicine for massive photocopying of medical journal articles for the benefit of medical researchers. Justice Blackmun recused himself from the case because of his earlier relationship with the Mayo clinic, and the remaining Justices divided 4 to 4 on whether the photocopying was fair use or copyright infringement.

²⁰ See Video Interchange, Vintage Audio History, <http://www.videointerchange.com/audio_history.htm> (visited March 11, 2005).

²¹ See JAMES LARDNER, *FAST FORWARD* 60-81 (2002); NICK LYONS, *THE SONY VISION* 202- 15 (1976).

²² See Lardner, *supra* note 21, at 12-13; Robert Lindsay, *Monumental Legal Battle Shaping Up in Bid to Bar Color TV Recorders*, *New York Times*, March 25, 1977 at 77; Edwin McDiwell, *Home Video Systems Still Seek Success on Market*, *New York Times*, March 21, 1978, at 71.

you *can* see both of them,” began one ad.²³ “Sony Betamax videocassette recorder, destined to be a superstar in your home entertainment scene: even if you’re not there, it records TV programs you don’t want to miss, builds a priceless videotape library in no time,” claimed another.²⁴

Journalist James Lardner, the author of *Fast Forward*, the definitive book on the history of the *Sony* case, begins his book with the story of an ad that Sony’s ad agency, Doyle Dane Bernbach, conceived and sent to Universal Studios for its approval. “Now you don’t have to miss *Kojak* because you’re watching *Columbo* (or vice versa).”²⁵ *Kojak* and *Columbo* were two of Universal’s most popular shows, and the ad agency figured that the studio would be delighted that American audiences would be able to watch both of them. Sidney Sheinberg, the president of Universal, wasn’t delighted. Indeed, Lardner reports, Sheinberg believed such a device usurped movie studio prerogatives; he didn’t think that a home video tape recorder should be marketed at all. He consulted Universal’s lawyers, who agreed that marketing a device that copied television programs seemed to violate Universal’s exclusive right to reproduce its works under section 106(1) of the 1976 Copyright Act. In a meeting the following week between Sheinberg and Akio Morita, the chairman of Sony, to discuss the possibility that Sony would manufacture DiscoVision players for MCA, Sheinberg insisted that Sony withdraw the Betamax from the market or face a copyright infringement suit.²⁶

Universal’s lawyers sent a private investigator to consumer electronics stores to pose as a customer and catch sales clerks making recordings of Universal programs. Meanwhile, they recruited one of their other clients, William Griffiths, to be a nominal individual defendant. They were concerned that a court might refuse to impose liability on Sony unless they were able to show that a Betamax owner had used the device to make infringing copies. Griffiths owned a Betamax. Universal’s lawyers asked him to agree to be sued; Universal would promise, they explained, to seek no damages from him in the event it prevailed in the lawsuit. Meanwhile, Universal spoke with other studios in search of co-plaintiffs. Disney agreed to join the suit. Warner Brothers didn’t want to be a named plaintiff, but was willing to contribute money towards legal costs.²⁷

On November 11, 1976, Universal and Disney filed suit against the Sony Corporation, Sony’s American subsidiary, Sony’s advertising agency, five dealers in consumer electronics, and Mr. Griffiths.²⁸ Griffiths would later testify that he had

²³ Sony Betamax display ad, New York Times, Nov. 5, 1975, at 19.

²⁴ Macy’s Sony Betamax display ad, New York Times, March 30, 1976.

²⁵ Lardner, *supra* note 21, at 5-6.

²⁶ Lardner, *supra* note 21, at 13.

²⁷ See Lardner, *supra* note 21, at 15-19.

²⁸ See Lardner, *supra* note 21, at 19.

purchased his Betamax planning to create a library of taped TV shows, but that the expense of blank tapes had persuaded him that it made more sense to watch taped programs and then tape over them.²⁹

A. The *Sony* Trial

The trial began in January of 1979 and lasted for five weeks. The studios presented evidence tending to show that consumers were recording shows to keep in their video libraries. When *Gone with the Wind* was broadcast, one witness testified, stores across the U.S. sold out of blank videocassettes. The chairman of Walt Disney testified that the company had declined lucrative contracts to show *The Jungle Book* and *Mary Poppins* on television because they feared that consumers might tape the showings. Sony's lawyer countered with evidence showing that some copyright owners had no objection to home taping. The studios sought, unsuccessfully, to present evidence that Sony could have redesigned the Betamax by installing a jammer to prevent recording unless the copyright holder assented, at a cost of about \$15 per machine.³⁰

Judge Ferguson's opinion, handed down on October 2, absolved Sony of liability. The copyright law, Judge Ferguson held, did not give copyright holders "a monopoly over an individual's off-the-air copying in his home for private non-commercial use."³¹ First, the court concluded, Congress could not have meant the courts to interpret absolutely literally the statutory language giving copyright owners the exclusive right to reproduce their works. Although legislative history accompanying the addition of sound recordings to the list of works entitled to copyright demonstrated that Congress had not intended to prohibit non-commercial home audio-taping, the statute contained no language expressly exempting it. By the same token, the judge concluded, Congress had not intended to give copyright owners the right to prohibit home video recording. "Congress did not find that protection of copyright holders' rights over reproduction of their works was worth the privacy and enforcement problems which restraint of home-use recording would create."³² Even if home video recording were deemed an infringement of copyright, it was sheltered by the fair use privilege. Most consumers, the Judge found, used their videotape recorders to "time-shift" programming – to tape a show in order to watch it at a more convenient time and then record over the tape.

Betamax owners use plaintiffs' works noncommercially and privately. This use increases the owners' access to material voluntarily broadcast to them free of charge over public airwaves. Because the use occurs within private homes, enforcement of a prohibition would be highly intrusive and practically impossible.

²⁹ See *Universal City Studios v. Sony*, 480 F. Supp. 429, 436-37 (C. D. Cal. 1979), rev'd, 659 F.2d 963 (9th Cir 1981), rev'd, 464 U.S. 417 (1984).

³⁰ See Lardner, *supra* note 21, at 97-106; *Universal City Studios v. Sony*, 480 F. Supp. at 436-40.

³¹ 480 F. Supp. at 432.

³² 480 F. Supp. at 446.

Such intrusion is particularly unwarranted when plaintiffs themselves choose to beam their programs into these homes.³³

Further, even if the Copyright Act prohibited home copying, the defendants should not be liable for the copies made by consumers. Judge Ferguson drew an analogy from patent law, where manufacturers of staple articles of commerce were not held liable for infringement merely because they supplied devices that could be used in infringing ways.³⁴ Video tape recorders, like audio tape recorders, cameras, typewriters, and photocopy machines, were staple articles of commerce with infringing as well as noninfringing uses. Expanding the boundaries of liability to extend to manufacturers of staple articles would put an intolerable burden on commerce.³⁵ Judge Ferguson noted more than once that plaintiffs conceded that they had not yet suffered harm from the Betamax, and that they had failed to show that they would likely suffer harm in the future.

The new technology of videotape recording does bring uncertainty and change which, quite naturally, induce fear. History, however, shows that this fear may be misplaced. ... Television production by plaintiffs today is more profitable than it has ever been, and, in five weeks of trial, there was no concrete evidence to suggest that the Betamax will change the studios' financial picture.³⁶

B. Appeal to the 9th Circuit

Universal appealed to the Ninth Circuit, and a unanimous panel reversed.³⁷ The court rejected Judge Ferguson's conclusion that Congress might have meant to protect consumers from liability for home taping but had failed to say so explicitly.

The statutory framework is unambiguous; the grant of exclusive rights is only limited by the statutory exceptions. Elementary principles of statutory construction would indicate that the judiciary should not disturb this carefully constructed statutory scheme in the absence of compelling reasons to do so. That is, we should not, absent a clear direction from Congress, disrupt this framework by carving out

³³ 480 F. Supp. at 454.

³⁴ See 35 U.S.C. § 271(c) ("staple article or commodity of commerce suitable for substantial noninfringing use").

³⁵ 480 F. Supp. at 461.

³⁶ Id. at 469.

³⁷ *Universal City Studios v. Sony*, 659 F.2d 963 (9th Cir 1981), rev'd, 464 U.S. 417 (1984).

exceptions to the broad grant of rights apart from those in the statute itself.³⁸

The court held that consumers who copied television programs off the air for private noncommercial use infringed the copyrights in those programs, and that Sony, its US subsidiary, its advertising agency and the retail store defendants were liable as contributory infringers. Judge Kilkenny's opinion dismissed the lower court's staple article of commerce theory as "inappropriate."³⁹ Videotape recorders were not staple articles because they were were not suitable for noninfringing use:

Appellees' analogy of videotape records to cameras or photocopying machines may have substantial benefit for some purposes, but does not even remotely raise copyright problems. Videotape recorders are manufactured, advertised, and sold for the primary purpose of reproducing television programming. Virtually all television programming is copyrighted material. Therefore, videotape recorders are not "suitable for substantial noninfringing use."... That some copyright owners choose, for one reason or another, not to enforce their rights does not preclude those who legitimately choose to do so from protecting theirs.⁴⁰

The Ninth Circuit remanded the case to the district court to fashion a suitable remedy, noting:

The relief question is exceedingly complex, and the difficulty in fashioning relief may well have influenced the district court's evaluation of the liability issue. The difficulty of fashioning relief cannot, however, dissuade the federal courts from affording appropriate relief to those whose rights have been infringed. ...

In fashioning relief, the district court should not be overly concerned with the prospective harm to appellees. A defendant has no right to expect a return on investment from activities which violate the copyright laws. Once a determination has been made that an infringement is involved, the continued profitability of appellees' businesses is of secondary concern.

C. Congress Gets Involved

The following day, members of Congress introduced legislation in both the House and the Senate to legalize home video recording.⁴¹ Other representatives weighed in with

³⁸ 659 F.2d at 966.

³⁹ Id. at 975.

⁴⁰ Id.

⁴¹ H.R. 4783, 97th Cong., 1st Sess. (1981); H.R. 4794, 97th Cong., 1st Sess. (1981); S. 1758, 97th Cong., 1st Sess. (1981). See *Home Recording of Copyrighted Works: Hearings on H.R. 4783, H.R. 4794 H.R. 4808*,

variant bills, and on April 12, 1982, the House Committee on the Judiciary held a special hearing in Los Angeles to consider the six different bills before it. The motion picture industry's chief lobbyist, Jack Valenti, was the first witness. He appeared armed with a 49 page legal memorandum authored by Harvard law professor Larry Tribe, which argued that any law that exempted home videotaping from liability for copyright infringement would be an unconstitutional taking of private property in violation of the Fifth Amendment.⁴² Moreover, the memo continued, such an exemption would "endanger, and might indeed impermissibly abridge, First Amendment rights" because "motion picture and television producers will speak less often if the reward for their efforts is greatly reduced."⁴³ Valenti's testimony was nothing if not colorful:

Now, we cannot live in a marketplace, Mr. Chairman -- you simply cannot live in a marketplace, where there is one unleashed animal in that marketplace, unlicensed. It would no longer be a marketplace; it would be a kind of a jungle, where this one unlicensed instrument is capable of devouring all that people had invested in and labored over and brought forth as a film or a television program, and, in short, laying waste to the orderly distribution of this product.I say to you that the VCR is to the American film producer and the American public as the Boston strangler is to the woman home alone.⁴⁴

By the spring of 1982, when the House convened its Los Angeles hearings, more than three million people had purchased home video cassette recorders, and videotape rental stores had sprung up across the U.S. The motion picture industry emphasized that studios did "not intend to file any actions against homeowners now or in the future."⁴⁵ Indeed, the industry had thought better of its demand that video tape recorders be outlawed. Instead, motion picture studios had agreed to support a bill that subjected

H.R. 5250, H.R. 5488, and H.R. 5705 before The Subcom. on Courts, Civil Liberties, and The Administration Of Justice of the House Comm. on the Judiciary, 97th Cong., 2d Sess. (1982) (opening statement of Rep. Kastenmeier).

⁴² Laurence H. Tribe, Memorandum of Constitutional Law on Copyright Compensation Issues Raised by the Proposed Congressional Reversal of the Ninth Circuit's Betamax Ruling (Dec. 5, 1981) *reprinted* in Copyright Infringements (Audio and Video Recorders) Hearings on S. 1758 Before the Senate Comm. on the Judiciary, 97th Cong, 1st & 2d Sess. 78 (1982). See Home Recording of Copyrighted Works, *supra* note 41, (testimony of Jack Valenti, MPAA).

⁴³ Tribe, *supra* note 42, at 126.

⁴⁴ Home Recording of Copyrighted Works, *supra* note 42.

⁴⁵ See Home Recording of Copyrighted Works, *supra* note 41 (testimony of Jack Valenti, MPAA). In November of 2004, 28 years after the first suit filed against William Griffiths, motion picture studios did what Jack Valenti had promised they would not do: they filed lawsuits against multiple consumers. See, e.g., Twentieth Century Fox v. Doe, No. C 04-04862 WHA (N.D. Cal. Filed Nov. 16, 2004); Universal City Studios v. Doe, No. 1:2004cv03343 (N.D. Ga. Filed Nov. 15, 2004); Metro Goldwyn Mayer Pictures v. Doe, No. 1:2004cv02006 (D. D.C. filed Nov. 15, 2004).

video recorders to a compulsory license, levied royalties on the sale of video tape recorders and blank cassettes, and required copyright owners' permission for rental or lease of videotapes.⁴⁶ The recording industry began to lobby to expand the legislation to impose like royalties on the sales of audio tape recorders and blank audiotapes.⁴⁷ The House and Senate held more hearings. Video recorder dealers organized grass roots opposition to the legislation. On June 14, 1982, the Supreme Court agreed to hear the *Sony* case, and members of Congress sat back to wait and see what the Court would do.

II. Sony in the Supreme Court

A. The First Oral Argument

By the day of oral argument, more than five million consumers had purchased Betamax videocassette recorders. Dean Dunlavey, counsel for Sony, began his argument by noting that the studios had not yet sought a remedy against any of the five million Betamax owners, but that the decision below put all of them at risk for an award of statutory damages for each of the programs they recorded at home for their own private viewing. The gist of Dunlavey's argument was that the majority of copyright owners had no objection to consumer home videotaping, and it would make no sense to let a small minority use copyright litigation to force a useful and popular device with significant legitimate uses from the market.⁴⁸

Stephen Kroft, arguing on behalf of the studios, then assured the Justices that affirming the Ninth Circuit's decision did not mean that the Betamax would be banned. As he had urged in his brief, the Court could instead impose a royalty on the sale of Betamax recorders. Several Justices asked Kroft to speak to the staple article of commerce doctrine applied by the trial court. Kroft vigorously disputed that the staple article of commerce doctrine was appropriate – it arose in patent law, which, he said, was unlike copyright law, and, in any event, the Betamax wouldn't qualify as a staple article of commerce because it was not suitable for any legitimate uses – it was designed and marketed to make unauthorized copies of entire television programs without compensation to the copyright owner. Kroft suggested that the Court instead apply a standard it had articulated the previous term in a trademark case. In *Inwood Laboratories v. Ives Laboratories*, a case involving the copying of drug capsule colors, Kroft claimed, the Court had remarked that selling a product with the implication that it could be used to infringe a trademark might give rise to liability for contributory trademark infringement.⁴⁹ Kroft argued that the same standard should apply in copyright cases.

⁴⁶ See H.R. 5488, 97th Cong., 2d Sess. (1982); S. Amdt. 1242 to S. 1758, 97th Cong., 1st Sess. (1981).

⁴⁷ See H.R. 5705, 97th Cong., 2d Sess. (1982); S. Amdt. 1333 to S. 1758, 97th Cong., 2d Sess. (1982).

⁴⁸ Oral argument in *Sony v. Universal*, No. 81-1687, Jan. 18, 1983, available on LEXIS, 1983 U.S. TRANS 89.

⁴⁹ *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 851(1982). Kroft's reading of the *Inwood* opinion is something of a stretch. The passage he cited was the majority's recitation of the standard articulated by the

Justice Stevens then asked Kroft to address fair use. Kroft denied that the fair use doctrine would apply to home videotaping. When pressed on the issue of harm, Kroft complained that the district court had misallocated the burden of proof, wrongly expecting plaintiffs to prove harm rather than requiring defendants to disprove it.⁵⁰

The papers of Supreme Court Justice Harry A Blackmun indicate that when the Justices met in conference to discuss the case, three days after oral argument, a majority of them were disposed to affirm the Ninth Circuit opinion, at least in part.⁵¹ Justices Blackmun, Marshall and Rehnquist were comfortable with the conclusion that consumer home videotaping was illegal infringement, and voted to affirm. Justice Powell felt that home use should be deemed fair use, but saw no way to draw a workable distinction between fair and infringing uses, and he, too, voted to affirm. Justice O'Connor was also disposed to affirm: if she were a legislator, she said, she would vote to exempt home use, but Congress had not done so in the 1976 Copyright Act.⁵² Justices Brennan, White and Burger argued that time-shifting was fair use, but building a videotape library was infringement.⁵³ They were inclined to remand for additional fact-finding on the issue of Sony's liability, given that the Betamax was used for both infringing and non-infringing purposes. Only Justice Stevens insisted that the copyright statute did not prohibit consumers from making single copies of copyrighted works for their own private use.⁵⁴ Since consumers' use of the Betamax did not infringe plaintiffs' copyrights, Stevens argued, Sony could not be held liable as a contributory infringer.

As the senior Justice voting with the majority to affirm the Ninth Circuit decision, Justice Thurgood Marshall assigned the majority opinion to Harry Blackmun. Justice

Second Circuit for proof of intentional inducement of trademark infringement. 456 U.S. at 851. Elsewhere in the opinion, the Court insisted that liability for contributory trademark infringement required proof that defendant had either intentionally induced infringement or continued to supply its products to retailers whom it knew were using them to infringe trademarks. *Id.* at 854. The Court reversed the court of appeals decision finding contributory infringement on an unrelated ground.

⁵⁰ Oral argument in *Sony v. Universal*, No. 81-1687, Jan. 18, 1983, available on LEXIS, 1983 U.S. TRANS 89 (citing *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 851(1982)).

⁵¹ The Library of Congress Manuscript Reading Room houses the Supreme Court papers of Justices Harry A. Blackmun, William J. Brennan, and Thurgood Marshall, Jr. Those papers include handwritten and dictated notes, drafts of opinions, memoranda from law clerks and letters and memoranda sent by the Justices to one another. For a different, detailed analysis of the genesis of the *Sony* opinions drawn from the papers of Justice Thurgood Marshall, see Jonathan Band & Andrew J. McLaughlin, *The Marshall papers: A Peek Behind the Scenes at the Making of Sony v. Universal*, 17 Colum-VLA J. L. & Arts 427 (1994).

⁵² Handwritten notes of Justice Harry A. Blackmun (Jan. 21, 1983).

⁵³ *Id.*; See also undated file memo in the papers of Justice William A Brennan. The memo appears to have been written or dictated between the January 18, 1983 oral argument and the January 21, 1983 conference. In it, Justice Brennan expresses his view that time-shifting is fair use but library building is not, that Sony might well be liable for statutory damages or profits as a contributory infringer, but that a flat ban on the sale of Betamaxes would be improper.

⁵⁴ See Memorandum to the File from Justice John Paul Stevens (Jan. 20, 1983).

Stevens announced that he would be writing a dissent. He sent a note to Justice Blackmun, with copies to the other seven Justices, arguing that the copyright law permitted the making of a single copy for private noncommercial use. A review of the 1976 Copyright Act's legislative history, he urged, indicated that Congress never directly confronted the issue of private copying, but a variety of sources documented a widely-shared understanding that it was not illegal for individuals to make single copies for their own use. Moreover, the fact that the statute entitled copyright owners to seek statutory damages even from innocent infringers potentially subjected both consumers and the manufacturers of copying equipment to "truly staggering liability."⁵⁵ Justice Powell responded in a memo to Justice Blackmun indicating that, while he had voted with Blackmun initially, Justice Stevens's "single copy" argument was giving him pause, and he would wait to read drafts of the majority and dissenting opinions before deciding.⁵⁶

B. The First Drafts

On June 13, Justice Blackmun circulated the first draft of his opinion for the Court. The draft began with a rejection of Stevens' argument that a single copy made for noncommercial purposes did not infringe: "Although the word 'copies' appears in the plural in § 106(1), it is clear that the making of even a single unauthorized copy is prohibited."⁵⁷ Examining the 1976 Act, Justice Blackmun listed a variety of detailed exemptions that permit the making of a single copy. When Congress intended to excuse the making of a single copy, it had said so, and articulated the circumstances under which that copy might be made in great detail. Congress had, moreover, shown no difficulty expressly providing special treatment for private use when it concluded it was warranted: the 1976 Act limited the copyright owner's performance right to public performances, and the library photocopying provisions include privileges limited to researchers engaged in "private study, scholarship or research."⁵⁸ If the law incorporated an implicit exemption for private copies, Justice Blackmun concluded, these provisions would be completely unnecessary.

⁵⁵ Letter from Justice John Paul Stevens to Justice Harry A. Blackmun (Jan. 24, 1983).

⁵⁶ Letter from Justice Lewis F. Powell to Justice Harry A. Blackmun (Feb. 3 1983).

⁵⁷ 1st Draft, Opinion in *Sony v. Universal*, No. 81-1687 (circulated by Justice Blackmun, June 13, 1983), at 7. Justice Blackmun quoted House and Senate Report statements that the reproduction right "means the right to produce a material object in which the work is duplicated, transcribed, imitated, or simulated in a fixed form from which it can be 'perceived, reproduced or otherwise communicated, either directly or with the aid of a machine or device.'" *Id.* at 8 (quoting 1975 Senate Report 58, 1976 House Report 61).

The making of even a single videotape recording at home falls within this definition; the VTR user produces a material object from which the copyrighted work later can be perceived. Unless Congress intended a special exemption for the making of a single copy for personal use, we must conclude that VTR recording is contrary to the exclusive rights granted by § 106(1).

Id. at 8.

⁵⁸ *Id.* at 12-13.

Justice Blackmun then rejected the argument that home copying could be excused under the fair use doctrine. The fair use doctrine, he explained, acts as a subsidy, at the copyright owners' expense, to permit subsequent authors to make limited use of copyrighted works for the public good. Fair uses were always productive uses, "reflecting some benefit to the public beyond that produced by the first author's work."⁵⁹ Home taping was not such a use, so there was no need to subsidize it at the authors' expense. Unproductive uses might in some circumstances escape liability because they caused little or no harm. Where a use was unproductive, however, courts should not deem it fair if the copyright owner produced evidence of a potential for harm. In that case, the use would be found infringing "unless the user can demonstrate affirmatively that permitting the use would have no tendency to harm the market for or the value of the copyrighted work."⁶⁰ Thus, unproductive uses could qualify for fair use only when they had no potential to harm the copyright owner's market. The introduction of evidence of potential harm from an unproductive use would shift the burden of proof to the defendant to disprove potential harm.

As for Sony's liability for consumers' use of its recorders, Justice Blackmun wrote that contributory liability required neither direct involvement with individual infringers nor actual knowledge of particular instances of infringement. "It is sufficient that the defendant have reason to know that infringement is taking place."⁶¹ By advertising the Betamax as suitable for the recording of "favorite shows" and "classic movies," Sony had induced copyright infringement by Betamax owners.⁶² Justice Blackmun conceded that some consumers may well have used Sony's recorders for non-infringing as well as infringing uses, but "the existence of noninfringing uses does not absolve the manufacturer of a product whose 'most conspicuous purpose' is to infringe."⁶³ Since copyright infringement was the Betamax's primary use, Sony was liable as a contributory infringer.

Even before Justice Blackmun completed the first draft of the opinion, Justice Stevens had prepared his alternative, and he circulated it on the same day. Stevens characterized the suit as an effort to "control the way William Griffiths watches television...."⁶⁴ Stevens argued that Sony could not be held liable for making and selling

⁵⁹ Id. at 22.

⁶⁰ Id. at 26.

⁶¹ Id. at 30-31.

⁶² Id. at 32-33.

⁶³ Id. at 35.

⁶⁴ 1st draft, Memorandum of Justice Stevens, Sony v. Universal, No.81-1687 (circulated June 13, 1983) at 22. Justice Stevens, apparently hoping to pry a fifth vote loose from Blackmun's majority, styled his draft as a "Memorandum" rather than a dissent.

Betamax recorders unless the primary use of the Betamax were an infringing one; he concluded that it was not. Until the Court of Appeals decision below, Stevens began, no court had ever held that purely private noncommercial copying infringed the reproduction right, and the copyright law had never been understood to prohibit it. While the language of the 1909 Copyright Act appeared to give copyright owners control over the making of even a single copy, courts had not applied it so literally.⁶⁵ Litigation challenging the massive photocopying of scientific articles by the National Library of Medicine had proceeded on the express assumption that individual scholars acted lawfully when they made single copies for their own use.⁶⁶ When Congress extended copyright protection to sound recordings in 1971, it had repeatedly affirmed that the Copyright Act did not then reach consumer home taping of music, and would not reach it as amended.⁶⁷

Justice Stevens found it unlikely that Congress could possibly have intended the 1976 Act to prohibit private home videotaping. Nothing in the language or legislative history of the 1976 Act supported a conclusion that Congress intended home video taping to be treated differently from home audio taping.⁶⁸ Stevens suggested that Congress would not lightly have elected intrusive regulation of noncommercial conduct within the home. “It would plainly be unconstitutional,” he suggested, “to prohibit a person from singing a copyrighted song in the shower or jotting down a copyrighted poem he hears on the radio.”⁶⁹ Moreover, he rejected the argument that Congress might have intended to prohibit home taping on the understanding that the prohibition would never be enforced against individual consumers, like defendant William Griffiths.

It is significant that the Act does not purport to create “safe” violations. It plainly provides that every act of infringement – even if performed in complete good faith – gives rise to a minimum statutory liability of \$100. That command cannot simply be transformed into a matter of indifference because the copyright owners do not intend to collect the heavy tribute that is their due.⁷⁰

Finally, Justice Stevens argued that even if the Court concluded that home taping infringed Universal Studios’s copyrights, and that that infringement entitled them to some

⁶⁵ Id. at 16.

⁶⁶ Id. at 5 (citing *Williams & Wilkins v. U.S.*, 487 F.2d 1345 (Ct.Cl. 1973), *aff’d* by an equally divided Court, 420 U.S. 376 (1975)).

⁶⁷ Id. at 9-11.

⁶⁸ Id. at 12, 14.

⁶⁹ Id. at 17-18.

⁷⁰ Id. at 19 (footnote omitted). Indeed, the Studios’ brief had emphasized their “absolute statutory right” to elect to recover statutory damages without introducing proof of harm. See Brief for Respondents, *Sony v. Universal*, at __ n.18.

remedy against Sony, it was difficult to imagine a remedy properly within the competence of the courts.

In their complaint, respondents pray for an injunction against the further manufacture or sale of video cassette records. They do so despite the fact that they have suffered no tangible harm. They claim the injunction is required by the potential future impact of this innovation. Surely that impact can be more precisely gauged by legislators than by this Court, on this record.⁷¹

C. Back and Forth among the Justices

Justice Stevens supplemented his draft with a memo noting the areas of agreement and disagreement between his memorandum and Justice Blackmun's opinion, and criticizing Blackmun's formulation of fair use.⁷² Blackmun responded with a memo of his own suggesting that Stevens had misread the legislative history of the Copyright Act. The legislative history, Blackmun argued, indicated that Congress had designed the 1976 Act to cover new and unexpected technologies as well as known ones, freeing Congress from the obligation to revisit the law each time a new use arose. In response to a line of Supreme Court decisions reading the earlier copyright statute narrowly, Blackmun insisted, Congress had adopted broad language to compel the courts to apply the law to new and unforeseen technologies.⁷³

Justice Brennan then circulated a memo seeking to put a third alternative on the table. Brennan disputed Justice Stevens's conclusion that Congress had implicitly exempted private, non commercial copying from liability, but thought that that was a point the Court need not address:

As Harry explains, Sony can be liable for contributory infringement only if the Betamax's "most conspicuous purpose" or "primary use" is an infringing use. ... I, however, think that a good deal of timeshifting is fair use. ... I question whether the "ordinary"/"productive" distinction can be used to shift the burden of proving or disproving economic harm in a broad class of cases... In my view, the Studios' allegations of potential harm ... are simply empty when applied to most timeshifting. Unless the burden is shifted, there is no need for a remand to determine that a substantial amount of timeshifting is fair use. And if that is true, then I cannot agree that the

⁷¹ 1st draft, Memorandum of Justice Stevens, at 20 (footnote omitted).

⁷² Justice John Paul Stevens, Memorandum to the Conference (June 13, 1983).

⁷³ Justice Harry A. Blackmun, Memorandum to the Conference 1-2 (June 14, 1983).

Betamax's "primary use" is infringement or that Sony's advertisements evince a purpose to profit from infringement.⁷⁴

The following day, Justice Blackmun circulated a revised second draft, containing additional discussion of the private use and contributory infringement issues, and an expanded treatment of how the lower court might address the remedy for Sony's infringement.⁷⁵ Justices Rehnquist and Marshall agreed to join that opinion.

Justice O'Connor, who had been part of the initial majority voting to affirm the Ninth Circuit opinion, had reservations. She wrote to Blackmun, noting her agreement with the draft's conclusions that Sony violated the studio's reproduction right and that the fair use doctrine did not apply. "However," she continued, "I have considerable difficulty in rejecting the District Court's view that the respondents suffered no harm, actual or potential, as a result of Sony's use." O'Connor expressed concern about Blackmun's fair use formulation, indicating that she was not persuaded that the burden of proof on the issue of harm should be shifted to Sony; wherever the burden of proof lay, however, she read Judge Ferguson's opinion as finding no harm, actual or potential.⁷⁶

Justice Blackmun responded with a suggestion that the Court remand the case for new factfinding on the issue of harm. He was unwilling to adopt a standard requiring copyright plaintiffs to prove potential harm, but suggested language that clarified that the copyright owner's burden of production was a substantial one, requiring more than mere speculation.⁷⁷ Justice O'Connor responded, questioning whether a remand on the issue of harm would be fruitful; it seemed clear that Judge Ferguson had concluded that there was no concrete evidence that the Betamax would harm the studios.⁷⁸ In the absence of any harm, Justice O'Connor preferred the finding of liability against Sony to be reversed outright.

If there were to be a remand, Justice O'Connor continued, it was essential that the opinion acknowledge that fair use encompassed unproductive uses as well as productive ones. She felt strongly that the burden of proof on the issue of harm should stay with the copyright owner rather than shifting to the alleged infringer. Finally, O'Connor questioned Justice Blackmun's rejection of the "staple article of commerce" doctrine:

I had thought that the "staple article" doctrine developed in order to limit the patent holder from depriving society of the good that comes from the existence of other enterprises that nevertheless frustrate the patent holder's monopoly to some degree. I see no reason why we should not

⁷⁴ Memorandum from Justice William A. Brennan (June 14, 1983).

⁷⁵ 2d Draft, Opinion in *Sony v. Universal*, No. 81-1687 (circulated by Justice Blackmun, June 15, 1983).

⁷⁶ Letter from Justice Sandra Day O'Connor to Justice Harry A. Blackmun (June 16, 1983).

⁷⁷ Letter from Justice Harry A. Blackmun to Justice Sandra Day O'Connor (June 16, 1983).

⁷⁸ Letter from Justice Sandra Day O'Connor to Justice Harry A. Blackmun (June 18, 1983).

be similarly concerned with what the copyright holder does with his monopoly. If the videorecorder has substantial noninfringing uses, we should be reluctant to find vicarious liability. In addition, I think the focus of the inquiry should not be whether virtually all of the copied material is copyrighted, but rather, whether virtually all of the copying amounts to an infringement. Even if you do not wish to import the “staple article” doctrine directly to the copyright area, I fail to see why the same standard—whether the item is capable of substantial noninfringing use—should not be used.⁷⁹

Justice Powell sent Blackmun a memo indicating that he was troubled by some of the same points Justice O’Connor had raised.⁸⁰ Justice Blackmun circulated a revised draft seeking to meet their concerns,⁸¹ reformulating the fair use analysis in an attempt to reach a compromise on the burden of proof. For Blackmun, what was crucial was that the law not require copyright owners to prove actual harm when a new technology was at issue, because that would require them to wait to seek relief until too late. The legislative history of the statute, he insisted, “makes clear that copyright owners are not to be deprived of protection simply because the effects of a new technology are unknown.”⁸² In order to accommodate O’Connor’s concerns, Blackmun revised the language in his draft to put the burden of proof of harm on the plaintiffs, but require them to show only “a reasonable possibility of harm.”⁸³ Seeking to find middle ground on the staple article of commerce, Blackmun adopted a phrase from O’Connor’s letter: the focus of a contributory infringement inquiry should be “whether virtually all of the copying amounts to infringement.”

Justice O’Connor wrote back the same day, requesting additional changes.⁸⁴ She continued to be dissatisfied with the treatment of the burden of proof on harm. Justice Blackmun’s “reasonable possibility of harm” struck her as allowing copyright plaintiffs to prove too little. She proposed that the opinion instead describe the burden of proof using the statutory language, and require plaintiffs to prove “harm to the potential market for or value of the copyrighted work.”⁸⁵ She objected to language implying that the studios had already met that burden in the lower court, since Judge Ferguson’s findings indicated that no harm had been shown. Finally, O’Connor wrote, she remained

⁷⁹ Id. at 2-3.

⁸⁰ Letter from Justice Lewis F. Powell to Justice Jarry A. Blackmun (June 20, 1983).

⁸¹ 3d Draft, Opinion in *Sony v. Universal*, No. 81-1687 (circulated by Justice Blackmun, June 21, 1983).

⁸² Letter from Justice Harry A. Blackmun to Justices Lewis F Powell and Sandra Day O’Connor (June 21, 1983).

⁸³ 3d Draft, Opinion in *Sony v. Universal*, No. 81-1687 (circulated by Justice Blackmun, June 21, 1983) at 26.

⁸⁴ Letter from Justice Sandra Day O’Connor to Justice Harry A. Blackmun (June 21, 1983).

⁸⁵ Id. at 2.

convinced that the standard for contributory infringement should be the one she had articulated earlier: “is the VTR capable of substantial non-infringing uses.”⁸⁶ If Blackmun incorporated her suggestions into a fourth draft, O’Connor continued, she would join that opinion.

Justice Blackmun replied that he was reluctantly willing to accept Justice O’Connor’s formulation for the standard for contributory infringement, but would not yield further on the question of the burden of proof in fair use:

The statutory language to which you refer comes into play when a productive use is found. Under your proposal, the copyright owner would have to prove actual harm to the value of the copyright or to a potential market even for unproductive uses. The problem with this, as I have tried to point out, is that copyright owners would be deprived of protection when the technology is a new one and when predictions of harm are necessarily imprecise. I strongly feel that the standard articulated in the opinion—that the copyright owner must show a “reasonable possibility of harm” – is the correct one.⁸⁷

Meanwhile, Justice White proposed that Justices Brennan and Stevens try to assemble a majority for an opinion that took a position between the views that Brennan and Stevens had expressed following the oral argument. Justice White suggested that such an opinion could reverse the judgment against Sony as a contributory infringer on the ground that the studios had failed to prove injury or damages, and leave the question of consumer liability unresolved.⁸⁸

Justice Stevens circulated some new language on June 23.⁸⁹ The exchange of letters between Justice O’Connor and Justice Blackmun had been distributed to all nine Justices, and Justice Stevens’s new draft seemed designed to attract O’Connor’s vote by adopting the suggestions Blackmun had rejected. Thus, while the draft nominally followed the model proposed in Justice Brennan’s June 14 memo, concluding that because time-shifting caused the studios no harm, there was no basis for imposing contributory liability on Sony, the draft also incorporated the suggestions that O’Connor had been trying unsuccessfully to persuade Blackmun to include in his opinion. In particular, after emphasizing both the studios’ failure to show any harm from the Betamax, and the trial court’s finding that copyright owners other than the studios encouraged consumers to time-shift their programs, the draft imported the staple article of commerce doctrine from patent law and placed the burden of proof on the question of potential harm in a fair use analysis squarely on the plaintiff. O’Connor sent a note to

⁸⁶ Id. at 3-4 (emphasis in original).

⁸⁷ Letter from Justice Harry A Blackmun to Justice Sandra Day O’Connor (June 23, 1983)(emphasis in original).

⁸⁸ Letter from Justice Byron R. White to Justice William J. Brennan (June 17, 1983)

⁸⁹ Memorandum from Justice John Paul Stevens to the Conference (June 23, 1983).

Blackmun noting her agreement with Stevens's treatment of the burden of proof, and suggesting that Blackmun incorporate a modified version of it into his opinion.⁹⁰ "This issue," she wrote, "is significant, because the burden will likely determine the outcome of not only this case but most others in the future. I recognize the delicate balance we must make between protection of the copyright owner and encouragement of new technology."

Three days later, Justice Blackmun wrote back, refusing to make additional changes:

I have endeavored of the past several days to accommodate your many concerns. My letter of June 23 to you represents the limit of what I am willing to do. Five votes are not that important to me when I feel that proper legal principles are involved.⁹¹

Justice Stevens, meanwhile, had circulated his completed draft, which combined the Brennan distinction between time-shifting and library building with the O'Connor formulations of the burden of proof and staple article of commerce doctrine, all while purporting to decide only the contributory infringement issue and leave the question of consumer liability for home taping for another day.⁹²

⁹⁰ Letter from Justice Sandra Day O'Connor to Justice Harry A. Blackmun (June 25, 1983)

⁹¹ Letter from Justice Harry A. Blackmun to Justice Sandra Day O'Connor (June 28, 1983).

⁹² 2d Draft, Memorandum of Justice Stevens in *Sony v. Universal*, No. 81-1687 (circulated by Justice Stevens, June 27, 1983). The draft noted that the Court had granted certiorari to address whether home videotaping was copyright infringement and, if so whether the manufacturers of videotape recorders were liable for advertising and selling them and whether a judicially imposed royalty was a permissible form of relief. Because the district court's factual findings were dispositive on the contributory infringement issue, the Court need decide only that question:

In brief, the critical facts are these: the principal use of the video tape recorder is to enable its owner to view a program he would otherwise miss; this practice, known as "time-shifting," enlarges the television viewing audience. For that reason, a significant number of producers of television programs have no objection to the copying of their program for private home viewing. For the same reason, even the two respondents in this case, who do object to time shifting, were unable to prove that the practice has caused them any harm or creates any likelihood of future harm.

Id. at 2. The draft then discussed the doctrine of contributory copyright infringement, and expressly adopted patent law's staple article of commerce doctrine. As framed by Justice Stevens, the staple article of commerce doctrine applied to any article that was "widely used for legitimate, unobjectionable purposes. Indeed, if we apply the patent law rule, it need merely be capable of significant noninfringing uses." *Id.* at 24. The question," Stevens continued, "is thus whether the Betamax is capable of commercially significant noninfringing uses." Noncommercial private time-shifting was such a use both because much of it was authorized and because even unauthorized time shifting qualified as fair use:

Three different factors lead to the conclusion that under a "rule of reason" analysis, the respondents failed to carry their burden of proving in this case that home time shifting is not fair use. Those factors are (A) their complete failure to show that home time shifting would harm the potential market for, or value of, any identifiable copyrighted material, (B) the legislative history tending to show that Congress understood such activity to be fair use, and (C) the profoundly disturbing policy implications of finding that home time shifting is not fair use.

The end of June is a busy time at the Supreme Court: the Court adjourns each summer in early July, and by tradition disposes of all of the cases on its calendar before adjournment, so by late June the Court is hurrying to finish its work on all remaining decisions. Justice Brennan sent around a memo that did not offer to join Stevens's most recent opinion, but noted that the draft "came closer to expressing" Brennan's views. Justice Byron White sent a note to Chief Justice Burger suggesting that the Court set the case for reargument the following term: "If this case is to come down this term, I prefer John's submission to any others. I would much rather, however, have the case reargued. It is important, and I would feel more comfortable if we could give the case more attention than time will now allow."⁹³ Justice O'Connor chimed in, noting that she also preferred Stevens's most recent draft to the alternative, but would probably agree to set the case for reargument.⁹⁴ Justice Rehnquist also expressed support for reargument.⁹⁵ Justice Stevens remained hopeful of resolving the case that term rather than holding it over, and he circulated a further draft of his opinion. This draft incorporated extensive discussion of the testimony of copyright owners who welcomed consumer home taping as a method of expanding their audience, and an expanded discussion of the district court's findings on the studios' failure to show any harm.⁹⁶ It otherwise tracked the earlier draft. Stevens believed that the draft reflected a consensus of the views of Justices Brennan,

Id. at 31. The draft proceeded to a discussion of the four factors enumerated in section 107. It addressed only the final factor, the "effect of the use upon the market for or value of the copyrighted work." If a use has no effect on the potential market for a work, Stevens explained, it has no effect on the author's incentives to create. Prohibiting it would simply hinder access to the work without any countervailing benefit.

Of course, every commercial use of copyrighted material is presumptively an exploitation of the monopoly privilege that belongs to the owner of the copyright. But noncommercial uses are a different matter. Any plaintiff seeking to challenge the non-commercial use of a copyrighted work should, as a threshold matter, prove either that the particular use is harmful or that if it should become widespread, it would be more likely than not that *some* non-minimal damage would result to the potential market for, or the value of, his particular copyrighted work. Actual present harm need not be shown; such a requirement would leave the copyright holder with no defense against predictable damage. Nor is it necessary to show with certainty that future harm will result. What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists. If the intended use is for commercial gain, that likelihood may be presumed. But if it is for purely private purposes, however, it must be demonstrated.

Id. at 32 (emphasis in original). This formulation combined Justice Stevens's initial conclusion that noncommercial private copying should be treated differently from commercial copying with Justice O'Connor's insistence that the burden of proof on the issue of harm should be assigned to the plaintiff.

⁹³ Letter from Justice Byron R. White to Chief Justice Warren Burger (June 28, 1983).

⁹⁴ Letter from Justice Sandra Day O'Connor to Chief Justice Warren Burger (June 28, 1983).

⁹⁵ Memorandum from Justice William H. Rehnquist to the Conference (June 28, 1983).

⁹⁶ 3d Draft, Memorandum of Justice Stevens in *Sony v. Universal*, No. 81-1687 (circulated by Justice Stevens, June 28, 1983) at 24-26, 30-34.

Burger, White and O'Connor as well as himself. The Court decided, however, to set the case for reargument.

On July 6th, the final day of the 1982 term, copyright lobbyists and journalists assembled at the Court to be the first to read the Betamax decision. There was no Betamax decision to read. The Court issued an order restoring the case to the argument calendar. It asked for no new briefs and identified no new issues it wanted counsel to address. The Justices had simply run out of time to finish their opinions.⁹⁷

D. The Second Oral Argument

Sony was reargued on October 3, 1983. Dean Dunlavey argued first for Sony, and noted that by the end of the year 9 ½ million households, or roughly 10% of the television viewing audience, would own videotape recorders. Home taping, he argued, was clearly fair use. Justice O'Connor asked whether the Court needed to resolve the fair use issue. Could the Justices not resolve the contributory infringement question without deciding whether home taping was fair use? Dunlavey agreed that the Court could indeed take that approach: "There are two roads to Rome." He then returned to his discussion of fair use. Justice White interrupted: "I'm wondering," he asked, "do we have to reach the questions you've been discussing if we agreed with you that this is a staple article of commerce and that there's no contributory infringement?" "If you agreed with me," responded Dunlavey, "you would think this case would be over." Justice White persisted: "Well we wouldn't have to talk about fair use at all, would we, if we agreed with you that this is a staple article of commerce?" Dunlavey conceded that that was the case.⁹⁸

Stephen Kroft stood up to argue for the studios. "Underneath all the legal arguments and legal labels that we've thrown around in this case, the case is really very simple and straightforward," he began. "Petitioners have created a billion dollar industry based entirely on the taking of someone else's property...."⁹⁹ Justice White and Justice Stevens had a number of questions about the staple article of commerce test; Kroft insisted that it had no application to the case. Justice O'Connor noted that the district court had found no harm, and Kroft responded that under the copyright statute, plaintiffs were not required to prove harm. Rather, Kroft argued, a finding of infringement led to a presumption of harm, shifting the burden to defendants to prove there would not be any harm. Justice Stevens asked for an example of harm that time-shifting might cause, and Kroft responded that homemade tapes could compete with pre-recorded cassettes. "Fair use," Kroft continued, "was a very narrow doctrine designed for very limited application,

⁹⁷ *Sony v. Universal*, 463 U.S. 1226 (1983). See Mark Bomnster & Susan March, *Betamax Ruling Put on Hold*, 57 Retailing Home Furnishings (July 11, 1983), at 53.

⁹⁸ Oral argument in *Sony v. Universal*, No. 81-1687, Oct. 3, 1983, available on LEXIS 1983 U.S. TRANS LEXIS 10.

⁹⁹ *Id.*

for use in the creation of scholarly or research works or works for contemporary comment or news reporting purposes, and only when a small amount was taken. Off the air recording for home entertainment purposes doesn't even come anywhere close to fitting that definition.”¹⁰⁰

At the conference following the reargument, according to Justice Blackmun's handwritten notes, only Justices Marshall and Blackmun voted to affirm the Ninth Circuit decision. Justices Powell and Rehnquist favored affirming the portion of the court of appeals decision holding that consumer home videotaping infringed the studios' copyrights, but wanted to remand on the issue of contributory infringement. Justices Burger, Brennan, White, O'Connor and Stevens voted to reverse the decision outright. Justice Stevens undertook to write the opinion for the Court; Justice Blackmun agreed to write the dissent.

E. The Supreme Court Decision

Justice Stevens's opinion for the Court characterized the lawsuit as an “unprecedented attempt to impose copyright liability upon the distributors of copying equipment,” and rejected “[s]uch an expansion of the copyright privilege” as “beyond the limits of the grants authorized by Congress.”¹⁰¹ Stevens's analysis essentially tracked the arguments made in his June 28 draft, combining his own solicitude for private noncommercial copying with Justice Brennan's distinction between time-shifting and library building, and Justice O'Connor's preference for the staple article of commerce doctrine and conviction that the burden of proof on the issue of harm to the copyright owner in a fair use determination should rest on the plaintiff. Stitching those positions together into a coherent opinion was not easy, and while the result the opinion reached was immediately clear, the reasoning it relied on was, at best, oblique.

Justice Stevens began by explaining that the courts had been and should be reluctant to expand copyright protection in response to new technology rather than allowing Congress to craft appropriate solutions. There was no precedent in copyright law for imposing liability for selling a product that enabled users to make infringing copies. The closest analogy to such a theory of liability was found in patent law, which imposed liability for contributory infringement but also exempted the sale of staple articles of commerce from liability. Although the Court recognized substantial differences between patent and copyright law, both sought to strike a balance between the interest in effective protection and the rights of others to engage freely in unrelated areas of commerce. “Accordingly,” the opinion continued, “the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement

¹⁰⁰ Id.

¹⁰¹ Sony v. Universal Studios, 464 U.S. 417, 421 (1984).

if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.”¹⁰²

Justice Stevens answered the question whether the Betamax was capable of commercially significant noninfringing uses by identifying private, noncommercial time-shifting as one use that satisfied that standard.¹⁰³

Of course, the fact that other copyright holders may welcome the practice of time-shifting does not mean that respondents should be deemed to have granted a license to copy their programs. Third-party conduct would be wholly irrelevant in an action for direct infringement of respondents' copyrights. But in an action for *contributory* infringement against the seller of copying equipment, the copyright holder may not prevail unless the relief that he seeks affects only his programs, or unless he speaks for virtually all copyright holders with an interest in the outcome.¹⁰⁴

Stevens then turned to unauthorized time-shifting, and concluded that it qualified as fair use. Justice Stevens rejected the position that only productive uses could be deemed fair.¹⁰⁵ He focused instead on the distinction between commercial uses and noncommercial ones. “If the Betamax were used to make copies for a commercial or profit-making purpose,” he explained, “such use would presumptively be unfair. The contrary presumption is appropriate here, however, because the District Court's findings plainly establish that time-shifting for private home use must be characterized as a noncommercial, nonprofit activity.”¹⁰⁶

This is not, however, the end of the inquiry because Congress has also directed us to consider “the effect of the use upon the potential market for or value of the copyrighted work.” § 107(4). The purpose of copyright is to create incentives for creative effort. Even copying for noncommercial purposes may impair the copyright holder's ability to obtain the rewards that Congress intended him to have. But a use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author's

¹⁰² Id. at 442.

¹⁰³ Justice Stevens reviewed the testimony of copyright owners who welcomed time-shifting. The representative of one PBS station had testified that his station published a program guide inviting viewers to tape more than half of the programs on its schedule. Fred Rogers had testified that he had absolutely no objection to families' taping episodes of *Mr. Rogers Neighborhood*.

In this case, the record makes it perfectly clear that there are many important producers of national and local television programs who find nothing objectionable about the enlargement in the size of the television audience that results from the practice of time-shifting for private home use.

Id. at 446.

¹⁰⁴ Id. (emphasis in original).

¹⁰⁵ Id. at 445 n.40.

¹⁰⁶ Id. at 449.

incentive to create. The prohibition of such noncommercial uses would merely inhibit access to ideas without any countervailing benefit.¹⁰⁷

Thus, while every commercial use should be deemed presumptively unfair, a challenge to a noncommercial use required proof of present or potential harm. The studios had failed to satisfy that burden.¹⁰⁸ The Betamax videotape recorder was therefore capable of substantial non-infringing uses, and Sony's sale of it did not constitute contributory infringement.¹⁰⁹

Justice Blackmun's dissent, joined by Justices Marshall, Powell and Rehnquist, repeated the arguments he had made the previous spring: the fair use defense was appropriate only when a productive use merited a subsidy at the copyright owner's expense or when the use had no potential to affect the author's incentive to create. Time-shifting, Blackmun argued, was an ordinary use rather than a productive one, and had a substantial adverse effect on the potential market for copyrighted television programs. By focusing on the potential harm to plaintiffs' current markets, Blackmun argued, the majority had failed to give appropriate weight to the likelihood of harm to the potential markets created by defendants' technology. The videotape recorder deprived copyright owners of the opportunity to exploit the market of potential viewers who found it inconvenient to watch television programs at the time they are broadcast. Accordingly, even time-shifting should not be deemed a fair use.¹¹⁰

III. Sony Revisited

Is *Sony* a roadmap for determining whether and when to impose liability on any technology that facilitates copyright infringement? The correspondence among the

¹⁰⁷ Id at 450-51.

¹⁰⁸ Id.:

Thus, although every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright, noncommercial uses are a different matter. A challenge to a noncommercial use of a copyrighted work requires proof either that the particular use is harmful, or that if it should become widespread, it would adversely affect the potential market for the copyrighted work. Actual present harm need not be shown; such a requirement would leave the copyright holder with no defense against predictable damage. Nor is it necessary to show with certainty that future harm will result. What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists. If the intended use is for commercial gain, that likelihood may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.

In this case, respondents failed to carry their burden with regard to home time-shifting.

¹⁰⁹ Id. at 456.

¹¹⁰ See id. at 457-93 (Blackmun, J. dissenting).

Justices suggests they envisioned that it would be seen as one. Is *Sony* instead a narrow, fact specific decision limited in its application to the sale of a device used primarily for temporary analog copying of free broadcast television? The multiplicity of rationales included in the opinion for the Court certainly invite the inference that a different set of facts might have yielded a different result.¹¹¹

A review of the Court's internal memoranda reveals some of the concerns that influenced the *Sony* opinions. Justice Blackmun's papers emphasize his concern that the copyright owners' bundle of rights not be eroded by new technology, and his conviction that Congress had drafted the 1976 Act to overcome the Court's historic reluctance to apply the provisions of the statute to novel media and situations.¹¹² Blackmun insisted that Congress's message was clear: the courts should impose liability for unauthorized copying except in the narrow cases Congress had exempted in the statute.¹¹³ He was unable to hold his majority, however, even though most of the other Justices initially agreed with him that consumer video tape recording violated the copyright statute, because the implications of his position proved too hard for a majority of the Court to swallow.

Throughout the process, Justice Stevens expressed solicitude for consumer privacy.¹¹⁴ He remained unpersuaded that Congress had ever intended the copyright statute to reach noncommercial, nonpublic consumer uses.¹¹⁵ For Justice Brennan, as well as Justice Stevens, the question of remedy was a key point. The Copyright Act did not seem to authorize a complete ban of the Betamax at the behest of individual copyright owners, but it seemed to authorize no intermediate remedy except statutory damages for every work infringed. In Brennan's and Stevens's view, the statute simply did not contemplate that courts would engage in the sort of complex, multi-party, compulsory licensing determination that Congress had elsewhere in the statute assigned to the Copyright Royalty Tribunal.¹¹⁶

¹¹¹ See 2004 Senate Hearings, *supra* note 2 (testimony of Mary Beth Peters, Register of Copyrights) ("In my view, if the VCR had been designed in such a way that when a consumer merely turned it on, copies of all of the programs he recorded with it were immediately made available to every other VCR in the world, there is no doubt the Sony decision would have gone the opposite way.").

¹¹² See, e.g., Justice Harry A. Blackmun, Memorandum to the conference (June 14, 1983); Letter from Justice Harry A. Blackmun to Justice Sandra Day O'Connor (June 21, 1983).

¹¹³ Justice Harry A. Blackmun, Memorandum to the conference (June 14, 1983), at 1-2

¹¹⁴ See, e.g., Letter from Justice John Paul Stevens to Justice Harry A. Blackmun (January 24, 1983).

¹¹⁵ See, e.g., Memorandum from Justice John Paul Stevens to the Conference (June 13, 1983).

¹¹⁶ Justice William J. Brennan, Memorandum to the conference (June 14, 1983). As originally enacted, the 1976 Copyright Act provided for a 5 member Copyright Royalty Tribunal, charged with setting the amount and division of statutory royalties under the law's four compulsory licenses. See §§ 801-810. Congress abolished the Copyright Royalty Tribunal in 1993, and replaced it with ad hoc Copyright Royalty Arbitration Panels. See Pub. L. No. 103-198, 107 Stat. 2304, 2308. The CARPs proved unworkable, and, in 2004, Congress replaced them with a Copyright-Royalty-Tribunal-like panel of three copyright royalty judges. See Pub. L. 108-419, 118 STAT. 2341 (2004) codified at 17 U.S.C. §§ 801-805.

Justice O'Connor, whose changed vote reversed the result in the case, focused on the studios' failure to show concrete harm. O'Connor insisted that the burden of proof on the issue of harm, both in fair use determinations and in infringement actions generally, should rest with the plaintiff.¹¹⁷ She recognized that the balance the Court struck in *Sony* would determine the outcome of future disputes between copyright owners and the developers of new technology,¹¹⁸ and appeared to care less about the result in the case before the Court than the standard that it adopted. Each of these concerns made its way into the majority opinion. It's unsurprising, then, that the Court's decision appears to have no single clear underlying rationale.

Some generalizations, however, seem appropriate. A majority of the Justices initially found the fair use argument implausible. Neither the briefs nor the first oral argument persuaded them that consumer home video copying was legitimate fair use. They balked, however, at imposing strict liability on a maker of copying machines for the copies made by its customers. Although earlier cases had found defendants who initiated and actively participated in particular acts of infringement liable as contributory infringers,¹¹⁹ the courts had yet not expanded that liability to actors who made infringement in general easier, more attractive or more convenient.¹²⁰ The copyright statute did not seem to have been designed to apply to infringers whose liability stemmed solely from their mass distribution of copying devices. The remedies section in particular seemed to fit this sort of contributory infringement poorly. The Justices needed to define a boundary separating contributory infringers from those whose useful technology facilitated infringement but who should not themselves be deemed infringers. The copyright statute did not supply one. Kroft had proposed that defendant's suggesting, even by implication, that third parties infringe should suffice to establish contributory liability. Transposed to the copyright realm, such a test would be massively overinclusive, exposing the makers of photocopiers, tape recorders, cameras, fax machines, typewriters and crayons to potential liability. Dunlavey had persuaded the trial court to adopt the staple article of commerce test from patent law. It drew a plausible

¹¹⁷ Letter from Justice Sandra Day O'Connor to Justice Harry A. Blackmun (June 18, 1983), at 2.

¹¹⁸ Letter from Justice Sandra Day O'Connor to Justice Harry A. Blackmun (June 25, 1983).

¹¹⁹ In *Kalem v. Harper Brothers*, 222 U.S. 55 (1911), and *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971), defendants who did not themselves perform infringing works were held liable as contributory infringements for infringing performances. In *Kalem*, defendant created an unauthorized film version of *Ben Hur*. The court held that making the film did not infringe plaintiff's rights under U.S. Rev. Stat. § 4952 to print or dramatize the copyrighted story. The showing of the film by theaters, however, did violate the plaintiff's copyright, and the court held defendant liable. See *Harper Bros. v. Kalem*, 169 F. 61 (2d Cir. 1909), aff'd, 222 US 55 (1911). In *Gershwin*, defendant arranged, booked and managed concerts for municipalities it solicited, featuring artists it engaged, performing material it selected, but it neglected to secure performance licenses for the material the artists performed. The Court held defendant liable for the infringing performances.

¹²⁰ In the wake of *Sony*, some courts expanded contributory liability to reach these defendants. See, e.g., *Fonovisia v. Cherry Auction*, 76 F.3d 259, 264 (9th Cir. 1996); *A&M Records v. General Audi Video Cassettes*, 948 F. Supp. 1449 (C.D. Cal. 1996). See generally Fred Yen, *Sony, Tort Doctrines, and the Puzzle of Peer-to-Peer*, __ Case Western I. Rev. __ [editors: please insert appropriate pin cite] (2005).

boundary between potential defendants, and Justice O'Connor in particular concluded that it struck the appropriate balance between copyright owners and innovators. The Supreme Court majority adopted it.

IV. The Impact of *Sony*

The *Sony* decision was reported widely and approvingly in the popular press as holding that consumers do not violate the law when they tape television programs off the air.¹²¹ The decision was less popular with the copyright bar.¹²² To copyright lawyers, the Court's opinion seemed like a sharp break with longstanding precedent; from the copyright lawyer's standpoint, Justice Blackmun's dissenting opinion was grounded in long copyright tradition, while Justice Stevens's opinion for the Court had no real historical foundation. The majority's adoption of the staple article of commerce doctrine seemed unnecessary and ill-reasoned, and its presumption-mediated treatment of the burden of proof in fair use cases seemed ill-advised.¹²³ To people outside of the copyright bar, the case came immediately to stand for the proposition that private noncommercial copying was fair use. To many members of the copyright bar, that represented an unwarranted expansion of what they had believed to be a fairly confined privilege.¹²⁴ The motion picture industry vowed to overturn the decision in Congress, but

¹²¹ See, e.g., Fred Barbash, *Supreme Court Chooses Not to Stem the Tide of High Technology*, Washington Post, January 22, 1983, at A5; Nathaniel C. Nash, *Sony Prevails in the Betamax Case*, The New York Times, January 22, 1984, at Sec. 3, page 16, col. 3. The Washington Post's entertainment critic, Tom Shales, put it this way:

There won't be dancing in the streets. There'll be taping in the living rooms. But if there were dancing in the streets and it was shown on television, you could tape it in the living room and not have to worry about some trench-coated specter from the FBI breaking down the door to your condominium.

One small step for man, one giant kick in Big Brother's pants.

Yesterday the Supreme Court ruled, by a frighteningly narrow 5-to-4 majority, that the home taping of TV programs and movies broadcast on the air is not illegal. Five million VCR users breathed an enormous "whew." Imagine. No more stuffing the Betamax machine under the bed at every unexpected ring of the doorbell. No more disguising tapes as pornographic magazines. No more covert tapings of "Remington Steele" with the shades drawn and the windows locked.

No more midnight meetings of Time-Shifters Anonymous.

No more worrying if industry lobbyist Jack Valenti and his SWAT team are about to surround the house, shine in the big blinding spotlights, and order you by bullhorn to come out with your hands, and your recording heads, up. Citizens! Hear me! We are free! Free to tape as we choose! To tape as we see fit. To tape till the cows come home.

To tape "Till the Clouds Roll By," that dopey old MGM musical, the next time a TV station shows it.

1984 has been marked down to . . . yes! . . . 1776!

Tom Shales, *I'll Tape Tomorrow, And So Will You, Thanks to the Court*, Washington Post, January 18, 1984, at B1.

¹²² See, e.g., William F. Patry, *The Fair Use Privilege in Copyright Law 205-10* (1985).

¹²³ See, e.g., *id.* at 363-65; Ralph Oman, *The 1976 Copyright Act Revisited: "Lector, si momentum requies, circumspice,"* 34 J. Copyright Soc'y 29, 32-33 (1986).

¹²⁴ See, e.g., Jack C. Goldstein, *AIPLA Bulletin*, December 1984 at 635, 636-37.

found little enthusiasm in the Senate and House for imposing a copyright tax on videocassette recorders or blank tapes.

The Sony Betamax itself was soon superseded by a videorecorder using the different, and incompatible, VHS format. In 1988, Sony began phasing out the Betamax video tape recorder. Meanwhile, the motion picture industry grew to rely on the pre-recorded videocassette market as a significant source of its income.¹²⁵ Revenues from prerecorded videocassettes (and, later, DVDs) came to outstrip revenues from domestic theatrical ticket sales. The consumer electronics and computer industries introduced a variety of devices – digital audio recorders, digital cameras, computers, MP3 players, and peer-to-peer file sharing software – capable of infringing as well as legitimate uses.

The year after *Sony*, the Supreme Court decided its second fair use case, *Harper & Row v. Nation Enterprises*.¹²⁶ The case involved an unauthorized pre-publication excerpt from former President Gerald Ford's memoirs published by *The Nation*, a small political commentary magazine. The excerpt comprised 300 words from a 400-page book. The Court held, 6-3, that *The Nation* was not entitled to the shelter of the fair use privilege, in part because the news reporting and political commentary it engaged in had a commercial purpose rather than a non-profit one. Justice O'Connor authored the opinion. "The fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use," she wrote, quoting *Sony*. "[Every] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright." *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S., at 451."

The *Harper & Row* decision represented the high point of *Sony*'s influence on the law of fair use. The presumption against commercial fair use quickly proved unworkable, making fair use unavailable to biographers,¹²⁷ parodists,¹²⁸ and news organizations¹²⁹ because they published their works for commercial gain. Ten years after *Sony*, in *Campbell v. Acuff-Rose Music*,¹³⁰ the Court finally abandoned the presumption,

¹²⁵ See Ross Johnson, Getting a Piece of the DVD Windfall, *New York Times*, Dec. 13, 2004, at C1.

¹²⁶ 471 U.S. 539 (1985).

¹²⁷ See *New Era Publications Int'l v. Henry Holt & Co.*, 873 F.2d 576, 583-84 (2d Cir. 1989).

¹²⁸ See *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992); *Tin Pan Apple v. Miller Brewing Co.*, 737 F. Supp. 826 (S.D.N.Y. 1990); *Original Appalachian Artworks v. Topps Chewing Gum*, 642 F. Supp. 1031 (N.D.Ga. 1986).

¹²⁹ See *Hi-Tech Video Productions, Inc. v. Capital Cities/ABC, Inc.*, 804 F. Supp. 950 (W.D. Mich. 1992).

¹³⁰ 510 U.S. 569, 584-85 (1994):

Sony itself called for no hard evidentiary presumption. There, we emphasized the need for a "sensitive balancing of interests," 464 U.S. at 455, n.40, noted that Congress had "eschewed a rigid, bright-line approach to fair use," *id.*, at 449, n.31, and stated that the commercial or nonprofit educational character of a work is "not conclusive," *id.*, at 448-449, but rather a fact to be "weighed along with other[s] in fair use decisions," *id.*, at 449,

along with its twin, the presumption favoring non-commercial fair use. But before it was abandoned, the presumption favoring non-commercial fair use had persuaded the owners of copyrights in musical works and recordings to lobby Congress to enact a law that levied a royalty on the sale of digital audio recorders and blank digital media, while requiring manufacturers of recording devices to incorporate copy protection technology that permitted multiple first-generation copies but prevented the devices from copying copies. One part of that bargain included a prohibition on bringing copyright infringement suits against consumers who engaged in non-commercial copying of recorded music,¹³¹ a concession that seemed cheap when the governing test for fair use favored noncommercial copying.

The same case that discarded the presumption against commercial fair use also reversed course on the issue that had lost Justice Blackmun his majority: the placement of the burden of proof. In *Campbell v. Acuff-Rose Music*, Justice Souter held that fair use is an affirmative defense, and that the burden of proof on the issue of potential harm lies with the defendant.¹³² Finally, in *Campbell*, the Court acknowledged the importance to the fair use inquiry of a distinction between productive and unproductive uses. Citing Blackmun's *Sony* dissent, Justice Souter wrote that "the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright. . . , and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use."¹³³ Thus, the fair use principles for which the *Sony* case is known have largely been abandoned, and the real estate it takes up in the fair use chapters of copyright casebooks has dwindled accordingly. Fair use law today is much closer to something Justice Blackmun might have recognized with approval.

The Court's holding on liability for contributory infringement, in contrast, is still very much with us. Networked digital technology has supplied myriad new ways for consumers to make unauthorized copies, and whether and under what circumstances the purveyors of technology that makes infringement easier should be held liable is one of

n.32 (quoting House Report, p. 66). The Court of Appeals's elevation of one sentence from *Sony* to a *per se* rule thus runs as much counter to *Sony* itself as to the long common-law tradition of fair use adjudication.

¹³¹ Audio Home Recording Act, Pub. Law. No.102-563, 106 Stat. 4237, codified at 17 U.S.C. §§ 1001 – 1010.

¹³² See 510 U.S. at 591-92. Professor Glynn Lunney attributes the reversal of course to poor lawyering on the part of *Campbell*'s counsel, who conceded that he bore the burden of proof without even mentioning that *Sony* had held that the burden should be born by plaintiff. See Glynn S. Lunney, *Fair Use and Market Failure: Sony Revisited*, 82 B.U.L. Rev. 975, 989&n.70 (2002). Professor Lunney suggests that because the burden of proof issue was not contested, *Campbell*'s characterization of fair use as an affirmative defense as nonbinding dicta. *Id.*

¹³³ 510 U.S. at 515-16.

the most important questions facing the copyright law. The producers of computers, CD and DVD recorders, digital video recorders and MP3 players, the providers of Internet services and the designers of peer-to-peer file sharing software supply products and services that both facilitate copyright infringement and have substantial legitimate uses. What *Sony* means for third party liability is very much in dispute.

V. The “Magna Carta” of the Technology Age

King John had no intention of honouring Magna Carta, as it was sealed under extortion by force, and clause 61 essentially neutered his powers as a monarch, making him King in name only. He renounced it as soon as the barons left London, plunging England into a civil war, known as the First Barons' War. Pope Innocent III also immediately annulled the "shameful and demeaning agreement, forced upon the king by violence and fear."

--Wikipedia¹³⁴

Historians remind us that the significance of the Magna Carta was more symbolic than practical: The English King neither respected nor complied with it.¹³⁵ So, too, with what the Home Recording Rights Coalition calls the Magna Carta of the Technology Age. Briefs filed in the *Grokster* case argue that the *Sony* decision has protected innovators from overreaching, litigious copyright owners.¹³⁶ If that's so, it's hard to argue that the case has done an especially effective job. As new technologies appear, copyright owners have relied on their factual differences from the Betamax to justify filing a lawsuit. Digital audio tape recorders,¹³⁷ portable MP3 players,¹³⁸ and digital video recorders¹³⁹ attracted litigation. *Sony* did not control, it was said, because they are digital rather than analog.¹⁴⁰ RecordTV.com,¹⁴¹ and Scour.com¹⁴² attracted litigation.

¹³⁴ Magna Carta, Wikipedia, at URL:<http://en.wikipedia.org/wiki/Magna_Carta>

¹³⁵ See, e.g., THEODORE F.T. PLUCKNETT, A CONCISE HISTORY OF THE COMMON LAW 22-26 (5th Ed. 1956).

¹³⁶ See, e.g., Amici Curiae Brief of the Computer and Communications Industry Association et. al. in opposition to Petition for Certiorari, *MGM v. Grokster*, No. 04-480 (filed November 8, 2004)

¹³⁷ See *Cahn v. Sony*, No. 90 Civ. 4537 (S.D.N.Y. filed July 9, 1990). See generally Gary S. Lutzker, Note: DAT's All Folks: *Cahn v. Sony* and the Audio Home Recording Act of 1991 - Merrie Melodies or Looney Tunes?, 11 *Cardozo Arts & Enter. L.J.* 145 (1992).

¹³⁸ See *RIAA v. Diamond Multimedia*, 29 F. Supp. 2d 624 (C.D. Cal. 1998), aff'd 180 F.3d 1072, (9th Cir. 1999).

¹³⁹ See *MPAA v. Replay TV*, Civ. No. 01-09801 (C.D. Cal. filed November 14, 2001)

¹⁴⁰ See Lutzker, *supra* note 137, at 166.

¹⁴¹ *Metro-Goldwyn-Mayer v. RecordTV*, NO. (C.D.Cal.), filed June 15, 2000; JESSICA LITMAN, DIGITAL COPYRIGHT 162 (2001).

¹⁴² See *Twentieth Century Fox Film, Inc. v. Scour, Inc.*, No. 00 Civ. (SDNY) filed July 20, 2000; JESSICA LITMAN, DIGITAL COPYRIGHT 160-66 (2001).

Sony did not apply, plaintiffs claimed, because RecordTV and Scour were networked rather than confined within the home.¹⁴³ Netcom¹⁴⁴ and MP3Board.com¹⁴⁵ attracted litigation; *Sony* did not shield them because of allegations that they knew, or ultimately became aware, of consumers' infringing uses of their facilities.

In some of these cases, an argument that defendant's technology was not infringing because it was capable of substantial and commercially significant non-infringing uses might ultimately have carried the day. Litigation is expensive, however, and angry copyright owners have very deep pockets. RecordTV and Scour.com folded their tents rather than continue ruinous litigation. SonicBlue, which had prevailed in the recording industry's suit against its Rio MP3 player, was unable to survive the motion picture industry's suit against its ReplayTV.

Some of the distributors of peer-to-peer file sharing software, however, found the money to take the *Sony* defense into the courtroom. Peer-to-peer file sharing poses issues that are startlingly reminiscent of those raised in *Sony*. Consumers use peer-to-peer file sharing networks to make unauthorized copies in their homes for their own personal, consumptive use. If making those copies violates the copyright law, then enforcing the law implicates the same privacy concerns that Justice Stevens raised in arguing that Congress had not intended to prohibit home videotaping. The copying is non-commercial in the same sense that home Betamax recordings were non-commercial.¹⁴⁶ As was true in *Sony*, there already is an enormous installed base of ordinary consumers using the technology. By the time the *Sony* case was first argued in the Supreme Court, Sony claimed to have sold 5 million Betamax recorders to American consumers. Current estimates of the number of peer-to-peer file sharers within the United States range from 40 to 60 million American consumers. A number of copyright owners have authorized the exchange of material they own over peer-to-peer networks. Some peer-to-peer file sharing is probably fair use, although the proportion of fair to infringing uses is the subject of passionate dispute. Other material transmitted over peer-to-peer is in the public domain. Studies attempting to measure whether and how much harm peer-to-peer file sharing causes to both actual and potential markets for recorded music have reached

¹⁴³ See, e.g., Motion Picture Association of America, Scour Press release: Questions and Answers, July 20, 2000 at URL: <<http://www.mpaa.org/Press/ScourQandA.htm>> ("From a purely utilitarian point of view, the technologies are different because VCRs were too slow and cumbersome and mass distribution of bootlegs too difficult to make piracy a threat to artists and the industry. However, with Scour.com, hundreds of millions of copies can be made and distributed as fast as available bandwidth allows."); Steven Bonisteel, Hollywood Ejects RecordTV in Lawsuit Settlement, NewsBytes, April 17, 2001 (available on LEXIS).

¹⁴⁴ See *Religious Technology Center v. Netcom On-Line Communication Services*, 907 F. Supp. 1361 (C.D. Cal. 1995).

¹⁴⁵ See *Arista Records v. MP3Board.com*, 2002 U.S. Dist. LEXIS 16165; Copy. L. Rep. (CCH) P28,483 (SDNY 2002); JESSICA LITMAN, DIGITAL COPYRIGHT 160-66 (2001).

¹⁴⁶ But see *A&M v. Napster*, 114 F. Supp. 2d 896, 912 (N.D. Cal. 2000) (finding Napster use commercial because "Napster users get for free something they would ordinarily have to buy"), *aff'd*, 239 F.3d 1004 (9th Cir. 2001).

equivocal and conflicting results.¹⁴⁷ The owners of music copyrights have recently begun to release digital copies of their works in a variety of different copy-protected formats, none of them compatible with one another, and see peer-to-peer file trading as a threat to plans to persuade the public to invest in copy-protected digital music, much as the videocassette recorder appeared to threaten the market for laser discs.

Of course, there are also significant differences. It would be difficult to characterize the transmission of files among 40 to 60 million consumers as “private,” and little of the material consumers exchange is programming they have been invited to view free of charge. Further, the economics of data storage suggest that consumers retain unauthorized peer-to-peer copies more often than they overwrite them. Most consumers engaged in peer-to-peer file sharing are building music libraries rather than timeshifting. It is nonetheless clear that peer-to-peer file sharing software is capable of substantial non-infringing uses, and that at least one of those uses – authorized peer-to-peer distribution--is commercially significant. Under the *Sony* standard, then, even if the overwhelming majority of peer-to-peer file sharing in fact infringes copyright, holding the purveyors of the technology contributorily liable for individual consumers’ infringement, solely on the basis of their dissemination of a technology with substantial non-infringing uses, is deeply problematic.

Many of the claims being made in litigation over peer-to-peer file sharing are eerily similar to claims that were raised and rejected in the course of the *Sony* litigation.¹⁴⁸

¹⁴⁷ Compare Felix Oberholzer & Koleman Strumpf, *The Effect of File Sharing on Record Sales: An Empirical Analysis* (March 2004), available at http://www.unc.edu/~cigar/papers/FileSharing_March2004.pdf (concluding that file sharing does not reduce and may increase sales), with Stan J. Liebowitz, *Pitfalls in Measuring the Impact of File Sharing* (Oct. 13, 2004) available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=583484 (concluding that file sharing harms the sound recording industry), See also LAWRENCE LESSIG, *FREE CULTURE* 68-73 (2004).

¹⁴⁸ In *Sony*, for example, the motion picture studios’ summary of argument explained:

Even if it were proper in a copyright case to analogize to the staple article doctrine, that doctrine would not absolve petitioners of liability here. The staple article theory shields the seller of a staple article from contributory infringement liability only if (a) the seller does not actively cause, urge, encourage or aid purchasers to use the article for infringing purposes, and (b) the article is suitable and actually used for *substantial* non-infringing uses. The uncontroverted evidence and the district court’s findings establish both that petitioners cause, urge, encourage and aid infringing VTR copying and that VTRs do not have actual, substantial non-infringing uses.

Brief of Respondent, *Sony v. Universal*, at ___. The motion picture studios’ brief in *Grokster* summarizes its argument thus:

Although *Sony-Betamax* provides a defense to contributory infringement where the defendant sells a staple article of commerce that may be used to infringe but also has commercially significant noninfringing uses, 464 U.S. at 442, *Grokster* and *StreamCast* cannot avail themselves of that defense, for two independent reasons.

First, *Sony-Betamax* provides no safe harbor where, as here, a defendant engages in conduct that encourages or assists infringement, or intends to facilitate it. Immunizing such conduct would be impossible to square with fundamental principles of copyright and

Record companies argue that designers and distributors of peer to peer file sharing software should be held liable because they declined to design their software to block file sharing without the permission of the copyright owners.¹⁴⁹ In *Sony*, the studios argued unsuccessfully that Sony should be required to incorporate a jammer into the Betamax to prevent unauthorized recording.¹⁵⁰ The plaintiffs in peer-to-peer file sharing cases claim that peer-to-peer file sharing software distributors have built their business around theft of copyrighted material,¹⁵¹ the studios in *Sony* made the same argument.¹⁵² The recording and motion picture industry accuse the distributors of peer to peer file sharing software of actively inducing copyright infringement,¹⁵³ in *Sony*, the studios pointed to Betamax ads, brochures and instruction manuals that they claimed encouraged consumers to infringe their copyrights.¹⁵⁴ In the peer-to-peer file sharing cases, plaintiffs argue that peer to peer file sharing software would not be commercially viable if it didn't facilitate massive copyright infringement;¹⁵⁵ in *Sony*, the studios insisted "there would be little, if any, market for VTRs if they could not be used for infringing purposes."¹⁵⁶ In the current cases, plaintiffs insist that only a miniscule fraction of the copying taking place is authorized.¹⁵⁷ In *Sony* the plaintiffs argued that less than 9% of home video recording

patent law on which the Court relied in *Sony-Betamax*. ... *Second*, and in all events, the *Grokster* and *StreamCast* services lack "commercially significant noninfringing uses."

Brief of Motion Picture Studio and Recording Industry Petitioners at 18. I am indebted to Fred Von Lohmann for bringing several of these specific instances to my attention.

¹⁴⁹ See *A&M v. Napster*, 239 F.3d 1004 (9th Cir. 2001); Brief of Recording Industry and Motion Picture Studio Petitioners, *MGM v. Grokster* No. 04-480 (filed Jan. 24, 2005), at 32-33; Brief for Songwriter and Music Publisher Petitioners, *MGM v. Grokster*, No. 04-480 (filed Jan. 24, 2005) at 15-16.

¹⁵⁰ See supra note 30 and accompanying text; Brief of Respondent, *Sony v. Universal*, at __ n.4 ("after learning of a technological system which would prevent VTR copying of copyrighted programs, Sony immediately studied and discovered a method of overcoming this system and objected to introduction of evidence of the system at trial").

¹⁵¹ See, e.g., Brief of Petitioners Motion Picture Studios and Recording Companies, *MGM v. Grokster*, at ; Brief for Songwriter and Music Publisher Petitioners, *MGM v. Grokster*, at 10-13.

¹⁵² See Brief of Respondents, *Sony v. Universal*, at ("").

¹⁵³ See Brief of Motion Picture Studio & Recording Company Petitioners, *MGM v. Grokster*, at 27-29.

¹⁵⁴ See Brief of Respondents, *Sony v. Universal*, at __ ("").

¹⁵⁵ See Brief of Motion Picture Studio & Recording Company Petitioners, *MGM v. Grokster*, at 30-36.

¹⁵⁶ See Brief of Respondents, *Sony v. Universal*, at __.

¹⁵⁷ See Brief of Motion Picture Studio & Recording Company Petitioners, *MGM v. Grokster*, at 36-37.

involved programs of the type that might be copied without their owner's objecting.¹⁵⁸

The first peer-to-peer file sharing defendant to argue that it was not liable for contributory infringement because its file-sharing network was capable of substantial non-infringing use was Napster. The 9th Circuit read *Sony* narrowly, construing the staple article of commerce doctrine to preclude the imposition of constructive knowledge, but to permit the imposition of liability when the evidence demonstrated actual knowledge of direct infringement.¹⁵⁹ Even so narrowed, the defense arguably shielded Napster from some liability, the court ruled, and the district court had erred in ruling that *Sony* did not apply to Napster at all. The Ninth Circuit remanded the issue for trial¹⁶⁰ – a trial that never took place because Napster ran out of money.¹⁶¹ The *Sony* defense was next invoked by the already-bankrupt *Aimster*. The Court of Appeals for the 7th Circuit concluded that the 9th Circuit's construction of *Sony* lacked textual support. Judge Posner read *Sony* to apply even where the alleged contributory infringer is aware of its customers' direct infringement. The *Sony* court, Judge Posner suggested, found it inappropriate to impose infringement liability on the supplier of a new technology "at the price of possibly denying non-infringing consumers the benefit of the technology."¹⁶² In order to assess whether the supplier of a product or service used for copyright infringement should be liable for that infringement, he continued, a court must estimate the respective magnitude of infringing and non-infringing uses. The mere possibility of a substantial non-infringing use should not shield a defendant from contributory liability. Rather, the court concluded, *Sony* called for a comparison of the size and the probability of infringing and non-infringing uses, and allowed the imposition of contributory liability on a peer-to-peer file sharing service when the legitimate uses of the service were outweighed by the infringing ones.¹⁶³

In *MGM v. Grokster*, the defendants persuaded the trial court that *Sony* absolved them of liability for contributory infringement.¹⁶⁴ The Court of Appeals agreed,

¹⁵⁸ See Brief of Respondents, *Sony v. Universal*, at ("less than 9% of all recordings consists of ... the type of material purportedly owned by most of the limited number of witnesses who testified that they did not object to VTR copying").

¹⁵⁹ *A&M v. Napster*, 239 F.3d 1004 (9th Cir. 2001).

¹⁶⁰ *A&M v. Napster*, 239 F.3d 1004, 1021(9th Cir. 2001) ("We depart from the reasoning of the district court that Napster failed to demonstrate that its system is capable of commercially significant noninfringing uses....The district court improperly confined the use analysis to current uses, ignoring the system's capabilities.").

¹⁶¹

¹⁶² *In re Aimster Copyright Litigation*, 334 F.3d 643, 649 (7th Cir. 2003).

¹⁶³ 334 F.3d at 650-53. Judge Posner's opinion noted that there was no evidence in the record of any actual non-infringing use, and that all of defendant's promotional material encouraged uses that infringed copyrights.

¹⁶⁴ *MGM v. Grokster*, 259 F. Supp. 2d 1029, 1035 (C.D. Cal. 2003), *aff'd*, 380 F.3d 1154 (9th Cir. 2004), cert. granted, ___ US ___ (2004).

concluding that “the district court correctly applied applicable law and properly declined the invitation to alter it.”¹⁶⁵

The introduction of new technology is always disruptive to old markets, and particularly to those copyright owners whose works are sold through well established distribution mechanisms. Yet, history has shown that time and market forces often provide equilibrium in balancing interests, whether the new technology be a player piano, a copier, a tape recorder, a video recorder, a personal computer, a karaoke machine, or an MP3 player. Thus, it is prudent for courts to exercise caution before restructuring liability theories for the purpose of addressing specific market abuses, despite their apparent present magnitude.¹⁶⁶

To many in the copyright bar, *Grokster*’s success confirms their initial view that *Sony* was wrongly decided in the first place. The grant of certiorari in the *Grokster* case offers them some hope that this time the Court will appreciate the incalculable damage done to copyright when consumers make their own unauthorized copies, and will replace the *Sony* standard with something more solicitous of copyright ownership. Defenders of *Sony* fear that *Sony*’s detractors may be right about that. Some of them urged the Court to decline certiorari,¹⁶⁷ and are now urging the Court to reaffirm the standard it announced 20 years earlier.¹⁶⁸

In the current overheated environment, an assertion that losing *Sony* might not be as costly as we claim is likely to be received as an disingenuous sign of support for Hollywood’s most egregious legal overreaching. I’m nonetheless going to risk suggesting that when we examine what we’re afraid we’ll lose in the *Grokster* reformulation, we may find that we’ve lost much of it already. If we fear losing what some have called *Sony*’s “clear standard” on third-party liability,¹⁶⁹ I suggest that that the rule of *Sony* has not been clear at all in practice. A clearer clear standard may offer emerging technology a more reliable shelter; a muddier standard could hardly threaten them with more uncertainty than they face today.

If, on the other hand, we’re afraid of losing a favorite wisp of copyright law doctrine, I’d suggest that a hard look may reveal that most of the doctrines we’re worried about losing are those that we’ve all but lost already. *Sony*’s fair use holdings, as I discussed earlier, are only barely with us. In particular, private copying is no longer widely viewed as fair use. *Sony* upheld the right of consumers to make private, consumptive copies. That right, as Justice Stevens’s opinion in *Sony* articulated it,

¹⁶⁵ 380 F.3d at ___.

¹⁶⁶ *Id.* at 1167.

¹⁶⁷ See, e.g., Amicus Curiae Brief of Computer and Communications Industry et. al. in opposition to petition for certiorari, *MGM v. Grokster*, No. 04-480 (filed November 8, 2004).

¹⁶⁸ See, e.g., Amicus Curiae Brief of Intel Corporation, *MGM v. Grokster*, No. 04-480 (filed March 1, 2005).

¹⁶⁹ See 2004 Senate Hearing, *supra* note 2 (testimony of Kevin McGuiness, NetCoalition).

arguably shelters consumers who engage in peer-to-peer file sharing.¹⁷⁰ In addition, section 1008 of the copyright statute, enacted against the background of *Sony's* fair use standard, provides a colorable defense to consumers who download files over peer-to-peer networks.¹⁷¹ Yet, despite the plausibility of legal arguments permitting consumers to make as many personal copies as they desire, counsel for Streamcast and Grokster apparently made the strategic decision not to use them. Moreover, only one of the 8000 consumers sued so far for peer-to-peer file sharing by the recording industry has found the arguments in favor of personal copying sufficiently compelling to be worth the risk of taking the law suit to trial, and she lost on summary judgment.¹⁷² If the arguments in favor of personal copying seem so unappealing that litigants decline to make them, it's hard to argue that they remain alive in any but the most formal sense.¹⁷³

What about the *Sony* majority's solicitude for consumer privacy? Doesn't the *Sony* case, by allowing businesses to market technology that has both infringing and noninfringing use, establish core freedoms necessary to what Professor Julie Cohen has termed "intellectual privacy?"¹⁷⁴ That battle, unfortunately, also seems all but lost. As recently as ten years ago, we may have been able to structure our copyright law to avoid deployment of the copyright police.¹⁷⁵ Today, the copyright police are out in force, searching consumers' hard disks for evidence of unauthorized copies, lurking on the Internet disguised as popular downloads, securing works with digital combination locks, recording eye tracks, and listing authorized ears. Justice Stevens's specter of massive invasions of consumer privacy by the copyright police attempting to enforce the copyright statute against millions of 21st Century William Griffithses has become very real. The recording and motion picture industries have sued thousands of individual consumers based upon the files they have stored on their personal computers.

¹⁷⁰ The peer-to-peer copying is noncommercial and thus presumptively fair use except to the extent that copyright owners are able to show that it adversely affects their potential market. Studies purporting to ascertain the extent to which peer-to-peer file sharing causes harm have reached equivocal and conflicting results. Compare Felix Oberholzer & Koleman Strumpf, *The Effect of File Sharing on Record Sales: An Empirical Analysis* (March 2004), available at http://www.unc.edu/~cigar/papers/FileSharing_March2004.pdf (concluding that file sharing does not reduce and may increase sales), with Stan J. Liebowitz, *Pitfalls in Measuring the Impact of File Sharing* (Oct. 13, 2004) available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=583484 (concluding that file sharing harms the sound recording industry), See also LAWRENCE LESSIG, *FREE CULTURE* 68-73 (2004).

¹⁷¹ 17 U.S.C. § 1008. See Jessica Litman, *War Stories*, 20 *Cardozo Arts & Ent. L.J.* 337, 357-360 (2002).

¹⁷² See *BMG v. Gonzalez*, 2005 U.S. Dist. LEXIS 910 (N.D. Ill. 2005)(granting summary judgment to plaintiff recording companies).

¹⁷³ But see Lunney, *supra* note 122.

¹⁷⁴ See Julie E. Cohen, *DRM & Privacy*, 18 *Berkeley Tech. L.J.* 575 (2003); Julie E. Cohen, *Intellectual Privacy and Censorship of the Internet*, 8 *Seton Hall Const. L.J.* 693 (1998).

¹⁷⁵ See Jessica Litman, *The Exclusive Right to Read*, 13 *Cardozo Arts & Entertainment L.J.* 29 (1994)

That still leaves *Sony's* core holding, that the producer of a staple article of commerce is not liable for contributory infringement merely for making, selling, or distributing a copying device if that device is capable of substantial or commercially significant non-infringing use. As I discussed earlier, that principle has offered dubious protection to the developers of devices capable of substantial non-infringing uses, since copyright owners have sued many of them into bankruptcy before they could mount a *Sony*-based defense. In the rare cases in which a defense based on *Sony* made it into the courtroom, most courts read it restrictively, adopting narrowing constructions that enabled them to impose liability on the purveyors of technology that was unquestionably capable of substantial non-infringing uses.¹⁷⁶

In the past 21 years, Congress has expanded copyright to the point that it is difficult for anyone to navigate the course of an ordinary day without committing multiple potential infringements. We have become dependent upon computers, which copy promiscuously in the course of ordinary operations. Our computers and our telephones and televisions are now connected to networks and regularly transmit files “beyond the place from which they are sent,” performing and displaying works and arguably doing so “publicly.” Yet our copyright statute still reckons liability without attention to intent or fault, and still imposes substantial damages for even inadvertent infringement. Copyright owners have resisted proposals to limit the scope of secondary liability by statute.¹⁷⁷ Despite all the provisions Congress has added to the copyright statute in the past twenty-one years, it has so far failed to address the *Sony* standard for contributory liability except to enact limited safe harbors for Internet service providers,¹⁷⁸ and to add a separate provision imposing liability for on entities who “manufacture, import, offer to the public, provide, or otherwise traffic in” technology designed to circumvent technological copy-protection or access-protection systems.¹⁷⁹ That provision comes equipped with its own remedies section, reinforcing the claim that the remedies provisions in the current copyright statute make little sense in the context of contributory infringement based on trafficking in a technology that makes it easy for consumers to infringe.

Ultimately, the fate of the copyright staple article of commerce doctrine is likely to be a congressional call. A respected copyright scholar with ties to the lobbying community told me recently that copyright lobbies are gearing up for action in the event the Supreme Court decides *Grokster* the “wrong way.” They are determined, he tells me, to purchase the enactment of the Induce Act¹⁸⁰ at any cost. Thus, a court decision in *Grokster's* favor will likely be a prelude to legislation. The current statute, meanwhile, leaves a court determined to reverse in *Groskter* little room to maneuver. The Court can't simply jettison the staple article of commerce doctrine without identifying an alternate

¹⁷⁶ See supra notes -

¹⁷⁷ See JESSICA LITMAN, DIGITAL COPYRIGHT 127-45 (2001).

¹⁷⁸ 17 U.S.C. § 512.

¹⁷⁹ 17 U.S.C. §§ 1201, 1203.

¹⁸⁰ See supra note 2 and accompanying text.

test to take its place, and the statute is no more helpful on that point than it was 21 years ago.

Defining an appropriate boundary between contributory infringers and innovators in digital technology seems even more crucial today than it did when the Court decided *Sony*. Congress has not stepped in to articulate a workable line, and its specific, detailed, conditional provisions on ISP and circumvention liability defy generalization. Meanwhile, the copyright staple article of commerce doctrine appears to have achieved acceptance even among members of the copyright bar. For all that a couple of outlying briefs insist, echoing Justice Blackmun and Steven Kroft, that copyright and patent are so different that importing a standard from patent into copyright is sure to cause mischief,¹⁸¹ most of the briefs filed in support of the motion picture industry’s appeal suggest that the staple article of commerce doctrine has broad, if sometimes grudging support.¹⁸²

Conclusion

Sony has talismanic meaning in the community of high tech copyright lawyers, but it doesn’t live up to its hype. *Sony*’s doctrinal contributions have eroded over time. It has failed to protect innovators from litigation. At the same time, as copyright owners attempt to catch ever more people in the net of secondary liability, our need for a workable rule dividing contributory liability from no liability has become more acute. For all of its limitations, the line drawn by the *Sony* case makes more policy sense than any of its competitors. Since the motion picture industry and the recording industry have overcome their reluctance to sue thousands of individual consumers directly, moreover, there’s less justification for expanding secondary copyright liability to give copyright owners “effective -- not merely symbolic – protection...”¹⁸³

Ultimately Congress is likely to be asked to rewrite whatever standard the Court articulates in *Grokster*. Motion picture studios and recording companies will likely insist, as they did before the cert. grant in *Groskter*, on a rule imposing liability for statutory damages on any business that profits from infringement. High tech companies who have supported the legal ruling in *Groskter*, although not the peer-to-peer file trading defendants facilitate, will likely insist, as they did last fall, that such a rule be confined in its application to businesses profiting from unlicensed peer-to-peer file trading. Under pressure from those industries, Congress is unlikely to draw a new line of general application that differs significantly from the one drawn in *Sony*. Drawing a sensible and robust line of general application is a tricky proposition, after all, and would require Congress to revisit copyright remedies at a fundamental level. Industry lobbyists, seeking quick fixes to meet their immediate needs, will have little interest in helping members of Congress to craft one, especially because securing the enactment of a new general rule for secondary copyright liability would require broad inter-industry

¹⁸¹ See Amicus Curiae Brief of Prof. Peter Menell et. al. , MGM v. Grokster, No. 04-480 (filed Jan. 24, 2005)

¹⁸² See e.g. Amicus Curiae Brief of Business Software Alliance, , MGM v. Grokster, No. 04-480

¹⁸³ 464 U.S. at 442.

consensus that the new rule is superior to the current one. Congress, therefore, will probably do what it has done before: enact a narrow rule that purports to fix the problem but proves unhelpful within months of enactment because technology has morphed in unanticipated ways.

That suggests that 20 years from now, the *Sony* rule will still be with us, although Congress may by then have carved numerous exceptions to impose expanded liability under specific rules on people involved with specific technological innovations. The *Sony* staple article of commerce rule may not be the best possible rule, but it looks more and more as if it is the best plausible rule.